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Denmark... 2.00 Dan. Kroner... 1,000 Dan. Kroner
France... 100 Francs... 1,000 Francs
Germany... 1.00 DM... 1,000 DM
Greece... 200 Dracmas... 1,000 Dracmas
Hong Kong... 1.00 HK Dollars... 1,000 HK Dollars
India... 100 Rupees... 1,000 Rupees
Italy... 1,000 Liras... 1,000,000 Liras
Japan... 100 Yen... 1,000 Yen
Mexico... 200 Pesos... 1,000 Pesos
Netherlands... 1.00 Gld... 1,000 Gld
New Zealand... 1.00 NZ Dollars... 1,000 NZ Dollars
Norway... 100 Kroner... 1,000 Kroner
Portugal... 200 Escudos... 1,000 Escudos
Spain... 166.67 Pesetas... 1,000 Pesetas
Sweden... 100 Kroner... 1,000 Kroner
Switzerland... 1.00 Swiss Francs... 1,000 Swiss Francs
Taiwan... 100 New Taiwan Dollars... 1,000 New Taiwan Dollars
Thailand... 100 Baht... 1,000 Baht
Turkey... 100 Liras... 1,000 Liras
U.S.A. & Canada... 1.00 Dollars... 1,000 Dollars
U.K. & Ireland... 1.00 Pounds... 1,000 Pounds
Yugoslavia... 100 Dinars... 1,000 Dinars

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Campaign Strategy for Bush: Taking Control of the Debates

By Gerald M. Boyd
New York Times Service
WASHINGTON — As Michael S. Dukakis campaigned in Texas and promised "full employment" before a cheering crowd, Vice President George Bush stood on a litter-strewn New Jersey shoreline listening to chants of "Where was George?"
These two events on Friday had one thing in common: The Democratic agenda was heard in both. And that underlies a critical concern in Mr. Bush's campaign: his need to take control of the election debate instead of having to defend his role as President Ronald Reagan's No. 2.
"If we stick to the big issues, the Democrats are going to have a difficult time," said Robert Teeter, Mr. Bush's chief pollster. "They can't convince voters that things are terrible."
Defining the debate is a major element in Mr. Bush's strategy that he will include moving away from Mr. Reagan on some issues, remaining steadfast on others, and projecting a clearer image of the vice president.
In some areas, such as ethics and civil rights, Mr. Bush will take the ticklish path of seeking to signal subtle distinctions — as he did in a speech Tuesday in which he

pledged to make ethics a top priority in a Bush administration. But in others, such as defense and economic policy, he will pledge to carry on Mr. Reagan's basic approach, although he would give more attention to reducing the federal deficit, aides say.
The strategy also relies both on political gains and political question marks. It counts on winning in the South, where the Republican candidate has prevailed in three of the last four presidential elections. The campaign is attempting to bolster state organizations to fight off any effort by Mr. Dukakis in that region and hopes to target it for Mr. Reagan, who remains popular there.
Several strategists say Mr. Reagan will be used to combat one theme behind the "Where was George?" chants, which originated with a speech by Senator Edward Kennedy of Massachusetts at the Democratic convention in Atlanta. Mr. Reagan can argue that Mr. Bush has been an involved vice president who is well suited to carry on his legacy.
For Mr. Bush to win, Mr. Teeter says, he must convince voters that they are better off economically than they were under the administration of Jimmy Carter. Mr. Bush could then argue that the improve-

ments did not take place in a vacuum, but were directly related to Reagan administration policies, in which he had a major role.
But whether Mr. Bush can defuse the election in those terms worries some of his aides and supporters.
Senator Pete V. Domenici, Republican of New Mexico, warned top Bush advisers Sunday that they must counter Mr. Dukakis's claim that the election is about "competence" and not about ideology.
Another Republican strategist close to Mr. Bush worried that the vice president was allowing Mr. Dukakis to set the agenda, leaving Mr. Bush to respond. He cited Mr. Bush's recent attempt to reach out to women by proposing a \$2.2 billion day-care program.
"Right now, the campaign is being waged on those issues that are Democratic issues, such as drugs, and now we are getting into the social welfare area," said the strategist, who declined to be identified.
Mr. Bush's advisers share the view that the campaign has not yet succeeded at challenging Mr. Dukakis on subjects they say he is trying to avoid, such as his inexperience in foreign policy, his association with the Reverend Jesse L. Jackson, his ideological differences with Senator Lloyd Bentsen of Texas. See BUSH, Page 6



As Cambodia Peace Talks Unravel, Sihanouk Addresses Leaders
Norodom Sihanouk, right, spoke Wednesday in Indonesia with Son Sann, left, head of the Khmer People's National Liberation Front, and Prime Minister Hun Sen of Cambodia, whose government is backed by Hanoi. The prince, who has boycotted the talks being held near Jakarta, called on all factions to bury their enmities and submitted a plan of his own. But the talks, which are expected to end Thursday, appeared to be unraveling. Page 2.

Baghdad Insisting On Talks But Iran Spurns Face-to-Face Meeting on Truce

By Michael J. Berlin
Washington Post Service
UNITED NATIONS, New York — Iraq, reiterating a demand that could prove a serious obstacle to an early cease-fire, insisted Wednesday that face-to-face negotiations with Iran were a precondition for a settlement of the Gulf War.
"We believe the first step for constructive work is face-to-face negotiations between the two parties under the auspices of the UN Secretary General," said Foreign Minister Tariq Aziz, as he arrived at UN headquarters for a meeting with Secretary-General Javier Pérez de Cuellar.
"If the Iranians do not accept that formula, that means they are not sincere about peace," Mr. Aziz said. "I tell you frankly that Iraq shall not allow [itself] to be stampeded to make a hasty step under the present circumstances. Our position is sincere and firm in that."
[Continued heavy fighting was reported Wednesday in the Gulf, Reuters reported. On the central front, Iraq said that Iraqis and the Iranian opposition Mujahidin Khalq's National Liberation Army had fought their way back into the town of Islamabad-Gharb, which they occupied for the first time Tuesday.
[In the south, Iran said that its Revolutionary Guards had driven the Iraqis out of a southern border strip north of Khorramshahr, killing 300 Iraqi soldiers.
Iran confirmed Wednesday its stand that no direct negotiations are needed under the terms of Security Council Resolution 598, which outlines the elements of an agreement, starting with a cease-fire.
"There should be no preconditions," said Mohammed Zarif, an Iranian diplomat.
But the Iranians, who opened negotiations with Mr. Pérez de Cuellar on Tuesday, have been careful not to reject direct talks outright.
"We are ready to cooperate with and assist the secretary-general in any matter he deems necessary to implement 598," Mr. Zarif said.
Mr. Pérez de Cuellar confirmed that the Iraqi demand was a serious one, telling reporters that Mr. Aziz "made that as clear to me as he did to you. It is a point I have to take into consideration in my discussion with the Iranians."
Wednesday evening, he held his third meeting with the Iranian foreign minister, Ali Akbar Velayati. Nevertheless, the secretary general emphasized that Mr. Aziz had held two "useful" discussions with him on the substance of a comprehensive agreement.
Like Mr. Velayati, he said, Mr. See GULF, Page 6

Kiosk Thatcher Cool To Federal EC

LONDON (AP) — Prime Minister Margaret Thatcher, long accused of an insular attitude toward the rest of Europe, dismissed on Wednesday as "airy-fairy" recent suggestions for tighter political union among European Community nations.
In her most outspoken criticism yet of what she regards as impractical, over-enthusiasm for some kind of United States of Europe, Mrs. Thatcher also ruled out a central bank for the 12-nation trade bloc.
Mrs. Thatcher's criticism came in a speech to the Conservative Party conference in Brighton, where she was addressing a gathering of party members.
"I am not a fan of the idea of a central bank," she said. "I am not a fan of the idea of a central bank for the 12-nation trade bloc."
Mrs. Thatcher also said she was not a fan of the idea of a central bank for the 12-nation trade bloc.
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Castro Pledges a Total Withdrawal From Angola



President Castro speaking in Santiago on Tuesday on 35th anniversary of attack on Batista forces.

By Julia Preston
Washington Post Service
SANTIAGO, Cuba — President Fidel Castro has committed Cuban troops to a "gradual and total" withdrawal from Angola. At the same time, he publicly but firmly said no to economic and political reforms of the kind under way in the Soviet Union.
It was the first statement by the Cuban leader since an agreement in principle to end the war in Angola, under way for 13 years, was reached on July 13 in New York by South Africa, Cuba and Angola, with U.S. mediation.
Mr. Castro spoke on the 35th anniversary of the unsuccessful assault by his small band of guerrillas on the Moneca barracks in this steamy city of 900,000 on the southeastern tip of Cuba.
That attempt at a coup is now celebrated as the opening volley in a long insurgency that culminated in the victory of the Castro revolutionaries on New Year's Day, 1959, over President Fulgencio Batista.
In his speech, Mr. Castro said that productive negotiations toward a settlement in Angola became possible after Cuba sent thousands of reinforcements there early this year and pushed South Africa's forces back. The Cubans say they have at least 40,000 troops in Angola.
"If the agreement is completed and respected, Angola and Cuba will carry out a gradual and total withdrawal of all the international contingent in Angola," Mr. Castro said. "There is a real possibility of a just and honorable solution to the war."
But he added that the withdrawal of Cuban troops "can't be abrupt." He said "a minimum of time" would be required for Angolans to take over positions now held by Cubans.
Havana had said earlier that it would need four years to withdraw after an accord. South Africa and the United States have pressed for a one-year timetable for a withdrawal.
While praising accomplishments of the Soviet system, Mr. Castro said pointedly, "We are not located on the Caribbean Sea. We are not 90 miles (145 kilometers) from Odessa. We are 90 miles from Miami."
Mr. Castro stressed that Cuba See ANGOLA, Page 6

U.S. Reports Solid Gain In Economy

By John M. Berry
Washington Post Service
WASHINGTON — Buoyed by a sharp improvement in the trade deficit, the U.S. economy expanded at a solid 3.1 percent annual rate in the second quarter, but inflation accelerated to a 4.7 percent rate, the highest level in six years, the government reported Wednesday.
The rise of the growth rate in the gross national product, adjusted for inflation, was the smallest quarterly gain since the end of 1986, but it was welcomed by the Reagan administration and many private economists who have said the economy must slow to keep inflation under control.
The 4.7 percent rate of increase in the GNP price index, a measure of inflation, followed three consecutive quarters in the rate had been between 3.5 percent and 3.8 percent. Another inflation measure, the implicit price deflator, rose 4.1 percent, compared with a revised 1.7 percent gain in the first quarter.
The increase in GNP followed a revised 3.4 percent rate in the first quarter and a strong 6.1 percent rate in the fourth quarter of last year.
Prior to the revisions announced Wednesday, the first-quarter rate had been put at 3.6 percent and the fourth quarter rate at 4.8 percent.
The dollar fell sharply on the new GNP figures, which were slightly lower than expected. At the close in New York, the dollar stood at 1.8578 Deutsche marks, down from 1.8578 DM at Tuesday's close. It declined to 131.68 yen from 132.48 and to 1.5380 Swiss francs from 1.5470 on Tuesday. (Page 13)
Beryl W. Sprinkel, chairman of the Council of Economic Advisors, hailed the report and said it "confirms the fact that the economy continues robust as the rate of growth decelerates to its long-run potential."
Mr. Sprinkel said he is not worried by the higher inflation figure for the quarter. "Inflation will continue under restraint," he said.
In New York, economists said See GNP, Page 13

Karolyi Gross, the Hungarian leader, said that a Soviet troop pullout would depend on the West. Page 2.

General News
The liberation theology movement begins to look beyond social conflict. Page 3.
King Fahd asserts that Saudi Arabia will continue to buy arms from wherever it can find them. Page 2.
Japanese students and teachers join in a debate over conforming to strict rules. Page 2.
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Nomura Securities bought 20 percent of Wasserstein, Perella, a last-gasp Wall Street mergers specialist. Page 9.
Down Close
The Dollar in New York
DM 1.848
Pound 1.7285
Yen 131.675
FF 6.2325

For Academic Superstars, a Sellers' Market in U.S.

By Edward B. Fiske
New York Times Service
NEW YORK — When the Houston Oilers football team threatened to defect to Jacksonville, Florida, last year, the city fathers of Houston raised the battle cry of "Luv Ya Blue!" and came up with \$60 million for a new stadium.
Last spring, when the University of California at Berkeley tried to raid the University of Houston for the talents of a renowned physicist, Paul C. W. Chu, the city fathers once again fought off the attack. They raised enough money to put Mr. Chu in an endowed chair paying \$150,000 a year and to set him up with his own new Texas Center for Superconductivity.
The rallying cry was, "Luv Ya Chu!"
Competition between spending on big-time sports and spending on big-name professors would have once seemed foolish. No more.
Higher salaries at American universities have long attracted teachers from outside the United States.
In recent years, there has been a noticeable increase in raids on faculty ranks within the United States by leading American colleges and universities, and a consequent bidding up of the price of academic stars. The trends have affected not only traditionally high-profile fields like high-energy physics, but ones like English literature. And some college presidents are beginning to sound like George Steinbrenner, the principal owner of the New York Yankees.
"We've entered the era of free agency," said Michael I. Sovern, the president of Columbia University, referring to professional athletes who are free to negotiate contracts with any team. "If you want to stay competitive, you have to pay."
This new sellers' market also has brought changes in recruiting tactics. Colleges that could once lure professors by assuring them a comfortable tenured existence at a prestigious institution are putting together detailed packages that include not only high salaries but corner offices, extra time off between regular sabbaticals, travel money, housing assistance, secretarial help and the pulling of strings to find jobs for spouses.
Duke University routinely assigns a full-time faculty member to chaperone visiting job candidates and assure that everything from the hotel reservations to the ride back to the airport goes smoothly.
"We're even prepared to deal with requests for season basketball tickets," said Stanley Fish, chairman of the English department at Duke.
Colleges have been raiding one another for faculty members ever since Harvard sent recruiters to Europe to fill America's

first endowed chairs in the early 1700s. First, as dramatized by Houston's desire to retain Mr. Chu, scholarly developments in fields such as physics, computer science and engineering have become increasingly important to local and state economies.
Second, demographic changes have altered the traditional balance of supply and demand. Most of the faculty members hired in the enormous post-Sputnik expansion of American higher education will be retiring in the next decade. But the ranks behind them are thin.
This is because, with a high proportion of tenured positions already locked up, relatively few students — and even fewer of the brightest ones — sought Ph.D.s in the '70s and '80s.
Other factors are a continuing decentralization of higher education and the eagerness of a growing number of institutions to put themselves on the academic map.

Return of the Leech?

A U.S. Doctor in Wales Promotes The Once-Barbaric Bloodsuckers

By Steve Lohr
New York Times Service
SWANSEA, Wales — When Dr. Roy Sawyer gazes into the medical future what he sees is brownish black, slimy and wriggling — a leech.
Largely because of the work of Dr. Sawyer, an expatriate American biologist regarded as the world's leading leech expert, the leeches are making a comeback.
A growing number of hospitals in Europe and the United States are using leeches to prevent unwanted blood clots after major surgery to reattach body parts like fingers, toes or ears.
Moreover, scientists at research centers and drug companies are increasingly exploring the potential of enzymes found in leech saliva, mainly anticoagulants, that could be used to treat heart attacks and strokes.
Four years ago, Dr. Sawyer set up a leech farm, Biopharm Ltd., to grow and breed the benevolent bloodsuckers commercially.
The business has grown rapidly. This year, he expects the company's revenues to double to about \$400,000, marketing more than 100,000 leeches to 150 hospitals worldwide and selling the biochemicals derived from leech saliva to laboratories.
More than half of Biopharm's sales are to customers in the United States, and the company has set up a distributing office in Charleston, South Carolina, where Dr. Sawyer grew up and first became enamored of leeches. "South Carolina was well-blessed with leeches," he said.
For Dr. Sawyer, 45, the recent success and personal recognition are pleasing.
"We started with the bad image of leeches and we started from scratch as a business," he said. "But See LEECH, Page 6



Blossoms Of Deceit

Yves Saint Laurent beamed Wednesday as he received the first standing ovation accorded a designer during Paris's fall-winter couture showings. Seconds later, he was less pleased when he saw the pollen his bouquet had left on his green linen coat.
A review of the collections, Page 6.

U.S. Plan May Target Noriega

By Lou Cannon and Joe Pichirallo
Washington Post Service
WASHINGTON — President Ronald Reagan has signed an authorization for covert action aimed at removing Panama's military leader, General Manuel Antonio Noriega, from power and has informed Congress and the deposed Panamanian president of his action according to administration and congressional sources.
A source who confirmed the move said Tuesday that no military action was imminent but declining to discuss any of the plan's details.
Another source said it appears that the authorization centers on psychological warfare and does not involve paramilitary action, such as kidnapping General Noriega.
The order, or intelligence finding, calls for new covert actions in Panama. Previously, the United States had pursued a limited program, circulating propaganda inside the country in an effort to undermine the regime.
[Mr. Reagan said Wednesday that General Noriega "is not good for Panama" or for U.S. relations with that country, but declined to comment on whether he had authorized covert action to force the general from power. The Associated Press reported, "I am not going to comment on anything in the nature of covert operations," he said.
[However, the speaker of the House of Representatives, Jim Wright, said, "I am told it was the subject of CIA briefings." Mr. Wright, a Democrat from Texas, declined to elaborate.
Intelligence committees in the Senate and the House of Represent-

See NORIEGA, Page 6

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Cambodian Talks Stumble on Issue Of Power Sharing

By Elaine Sciolino
New York Times Service

JAKARTA — Informal peace talks between warring Cambodian factions and delegations from Southeast Asian nations have unraveled over thorny issues needed for a settlement, delegates to the talks said Wednesday.

After three days of closed-door meetings, Hun Sen, the prime minister of the Hanoi-installed government in Cambodia, and the leaders of the three-party resistance coalition that is trying to overthrow him have failed to reach agreement on fundamental issues.

These include how to share power until a new government is elected and how to prevent the return to power of the Communist Khmer Rouge, whose reign of terror in Cambodia prompted Vietnam's invasion in December 1978.

In Jakarta, Prince Norodom Sihanouk, the former Cambodian leader, presented a sweeping formula for peace Wednesday aimed at finding common ground among the warring Cambodian factions.

The prince has been boycotted by the talks, visiting Indonesia as a private guest of President Suharto. Prince Sihanouk read the speech at the beginning of a heated meeting with Mr. Hun Sen and leaders of the resistance coalition, held separately from the peace talks.

The prince attacked a seven-point peace proposal unveiled Monday by Mr. Hun Sen.

The Hun Sen proposal calls for Prince Sihanouk to head a "national reconciliation council" of the four Cambodian factions to implement agreements on a political settlement and organize elections for a future government. It also urges the creation of an international commission to supervise a political settlement involving the withdrawal of Vietnamese troops from Cambodia.

But Mr. Hun Sen insisted that his government, which is not recognized by the United Nations or most non-Communist governments, must stay in power until new elections, a demand that the other factions find unacceptable.

Prince Sihanouk, in his speech, made a conciliatory gesture aimed at the Hun Sen government and the Khmer Rouge by dropping his demand for an international peace-keeping force to prevent the Khmer Rouge from returning to power. He did not, as he has in the past, question the veracity of Vietnam's promise to withdraw its troops or specifically blame the Khmer Rouge for past atrocities.

Instead, the prince said he is now prepared to rely on an international commission of nonaligned, socialist and Western countries to supervise the withdrawal of Vietnam's remaining 100,000 troops and to oversee elections.

But Prince Sihanouk repeated his call for the formation of a joint interim government and armed forces consisting of the four factions, which Mr. Hun Sen and his Vietnamese patrons reject.

The prince unveiled his plan as the unprecedented peace talks that opened Monday began to fall apart. While all the participants express general agreement on the need for a total withdrawal of Vietnamese troops and prevention of the Khmer Rouge from returning to power, they remain far apart on how to achieve those goals.

The most difficult problem remains the nature of the transitional government during Vietnam's withdrawal.

Despite pressure from Indonesia to issue a strong closing communiqué, the talks are expected to end Thursday with a vague commitment, at most, to set up a working group to continue the discussions.



Ebbe Carlsson, left, during a hearing Wednesday in Stockholm of the Constitutional Committee, with his lawyer, Tony Sandell.

Palme Friend Protests Sexual Issues at Hearing

STOCKHOLM — A publisher criticized for secretly investigating the murder of his friend Prime Minister Olof Palme protested at a public hearing on Wednesday on homosexual issues being raised in the case.

Ebbe Carlsson, a former politician, told Sweden's top parliamentary watchdog committee that his private inquiry had not been politically motivated.

Justice Minister Anna-Greta Leijon was forced to resign last month after it became known that she had authorized Mr. Carlsson's investigation without telling detectives working on the case.

Mr. Palme was assassinated by a lone gunman while walking unguarded through central Stockholm on Feb. 28, 1986.

The Constitutional Committee is considering whether any politician acted improperly in the affair.

Homosexuality issues were raised Friday, when a leading lawyer called for an investigation of relationships involving leading characters in the Carlsson affair. Mr. Carlsson is not related to Prime Minister Ingvar Carlsson.

Mr. Carlsson, who has close connections with the ruling Social Democrats, told the committee he was only motivated by a desire to clear up the murder of a friend.

"I am homosexual," he said at the hearing. "I do not usually make a secret of it, because I thought I lived in a country with liberal values, with respect for the private life of the individual."

He said he found it distressing that committee members had chosen to question an individual's sex life. His said his homosexuality had no significance in his actions.

Olle Swenson, chairman of the committee, said the question of sexual relationships would no longer be considered relevant to the inquiry.

It was the latest twist in the ongoing Palme investigation.

The Stockholm police chief, Hans Holmér, was dismissed last year after cooperation between police and prosecutors turned into public bickering.

Judicial and public inquiries have since accused the police of blunders in the investigation.

Japanese Students Debate the Rules — From Head to Toe

By Susan Chira
New York Times Service

TOKYO — It was a permanent wave curling just before her high school graduation.

She sued. Her name has been withheld by her lawyers, but her case marks one of a recent surge of protests about school rules that students assail as draconian but that teachers extol as all that stand between them and what they call a blackboard jungle.

The debate over school rules goes to the heart of what kind of society Japan is and wants to be.

On one side are some parents, students and lawyers who argue that excessive regulation violates students' rights and imposes a stifling conformity that will hurt Japan by producing adults who do not think for themselves.

Opposing them are many parents and teachers who say that rules enforce core Japanese values of community and discipline, and that schools have been forced to play disciplinarian because parents no longer can or will.

The rules that govern the lives of Japanese junior and senior high school students begin at the shoes and end at the hair. They prescribe the exact width of pant cuffs as well as the number of buttons and tucks in pants and skirts and the number of eyelets in shoes.

One high-school rule book states that boys' hair may not touch their eyebrows, any part of their ears or their collars. Girls may not wear ribbons, accessories or permanent waves, and they must wear modest-colored gloves.

The rules apply outside school as well. Many high-school students may not enter coffee shops and must observe a school-dictated curfew. Teachers may patrol neighborhoods to look for violators.

Even the smallest infraction brings down severe punishment. The young woman who sued wore her perm'd bangs to school one morning and then cut them off when her teacher reprimanded her. She was oosthless expelled because she had once before violated school rules by qualifying for a driver's license, said her lawyer, Shinichi Oka.

In the last three years, five students have died after beatings for breaking school rules — one because he had taken along a hair dryer on a school trip. Students, teachers and Ministry of Education officials acknowledge that corporal punishment is widespread, even though Japanese law forbids it.

While many of these rules date back 100 years, strict enforcement lapsed after World War II. But an outbreak of school violence and juvenile delinquency in the early 1980s rocked Japan.

Isamu Kojima, a junior high school teacher in Saitama Prefecture, north of Tokyo, remembers students coming to class after hitting their palms. Schools reacted by hiring more teachers trained in judo and karate and by enforcing rules to the letter. The violence subsided.

But the prevalence of corporal punishment and the oppressiveness of rules is prompting a backlash.

One rebel is Takeshi Hayashi, 20, author of two best-selling books that urged students to fight back.

"It's crazy," he said. "In or outside school, teachers are pressuring children, not treating them as human beings. Children have to be allowed to make mistakes and learn from them."

Mr. Hayashi said he took up his cause after a school trip to the ancient capital of Nara in which one classmate wore pants 2.5 centimeters (one inch) narrower than regulation width. The teacher called up the boy's mother, who promptly made the 600-kilometer (370-mile) journey to deliver a new pair of pants.

A group of lawyers has formed a council to challenge school rules, saying they violate constitutional guarantees of human rights.

"The students just learn to be obedient to rules from above," Mr. Oka said, "and we wonder what kind of adults these students will become."

The Education Ministry has asked schools to review their rules to see whether they are too strict.

Some schools are beginning to ease up. This month, a junior high school in Kawasaki, near Tokyo, dropped its rule that boys wear crew cuts and abolished rules over students' lives outside school. The school, which had been known for its strict corporal punishments, allowed students to help decide new rules.

But the majority of teachers, and many parents, still support strict rules, several polls show. Mr. Kojima said that many teachers believe they must root out any signs of rebellion.

Dress codes are rigid because Japanese society demands it — students not properly dressed may not win admission to high school.

"Teachers often say that disorder in dress shows disorder in life," he said. "They see dyeing hair or wearing long skirts as a kind of self-assertion by students, leading to poor attendance and the abandonment of their ties with other classmates and the school."

Mr. Kojima does not support the rigid enforcement of rules; he says he tries to talk to his students instead. But he said that teachers often do not have the time or energy to do so.

"Society wants schools to keep children this way," he said. "At graduation ceremonies, high-ranking officials praise children for their manners, obedience and uniformity."

Hard-Liner Appointed Head of State in Burma

Compiled by Our Staff From Dispatches

RANGOON — U Sein Lwin consolidated his power Wednesday in Burma by assuming the state presidency, a day after he assumed the country's most powerful position as chairman of the ruling Burma Socialist Program Party.

The retired brigadier general, who has led repression of dissent in Burma for more than 20 years, was appointed head of state to replace U San Yu, 70, by an emergency meeting of parliament a day after being elected chairman of the ruling Burma Socialist Program Party.

Diplomats said U Sein Lwin's appointment probably heralded an even more ruthless crackdown on the opposition.

U Sein Lwin, 64, is the most hated figure in the ruling elite to students and opposition groups.

Parliament also endorsed a package of economic reforms that had been proposed at this week's party congress.

In his first speech, U Sein Lwin blamed officials, not the system, for the country's crisis, dashing opposition hopes of fundamental change in the one-party, military-led socialist state.

On Tuesday, after being elected chairman of the party, he said corrupt and inefficient officials must change their ways.

U Sein Lwin spoke to a central committee meeting after it elected him to replace U Ne Win, the party founder who dominated Burmese politics since the 1962 military takeover and saw Burma's economy decline to one of the world's poorest.

U Ne Win's resignation and the leadership changes occurred after three periods of student-led rioting since October in Rangoon and other Burmese cities. There is also mounting discontent over deteriorating economic conditions.

U Sein Lwin called for quick and successful implementation of the reforms, which would allow more private enterprise and joint ventures with foreign firms in an attempt to revive the economy.

He said: "Experience has shown us that most of the errors and shortcomings that occur are not the result of policies but of individuals. Since our party is the only party, we must always explore our mistakes and shortcomings in furthering the interests of the state.

"Bribery, losses and wastage, work delays and corruption still exist under different excuses," he said, "and it is common knowledge that the people have to put up with this."

U Sein Lwin has held a variety of government positions including minister of home affairs as well as transport and communications and has been in charge of imposing party discipline in the last few years.

He was responsible for directing the riot police in their suppression of demonstrations in the past five months, in which diplomats said more than 200 died.

Responsibility for the unrest and deaths was cited as the reason for the dismissal of Prime Minister U Maung Maung Ka, Home Affairs Minister U Min Gang and other senior officials in recent days.

On Wednesday, the parliament also elected the former deputy prime minister and planning minister, U Tun Tin, as prime minister. Vice President U Aye Ko remained in his post.

In addition, the parliament promoted Defense Minister U Kyaw Htin to the No. 3 government position as head of the Council of State, which U Sein Lwin had vacated.

But U Kyaw Htin and U Tun Tin both are regarded as liberal on issues of economic reform and dealing with dissent in the country.

Only one civilian was included in the new lineup, Attorney General Maung Maung. The rest are retired or active military officers.

Western diplomats contacted in Rangoon and Bangkok without exception expressed dismay over U Sein Lwin's selection and several predicted a continuation of student demonstrations. (AP, Reuters)

Soviet-Exiled Armenian in Ethiopia

The Associated Press

MOSCOW — Paruir Airikyan, an Armenian activist expelled from the Soviet Union, has been flown to Ethiopia where he is trying to arrange asylum in the United States for himself and his family, a relative and a friend said on Wednesday.

The U.S. Embassy in Ethiopia said in a statement that it had started paper work to grant asylum to Mr. Airikyan. An embassy source said the case was being given priority handling.

Mr. Airikyan was active in an Armenian campaign to transfer jurisdiction over the Nagorno-Karabakh Autonomous Region from Azerbaijan to Armenia.

He was arrested March 25 and was flown to the Ethiopian capital, Addis Ababa, a week ago, the sources said. He was turned over to an Armenian community there for help in resettlement, an Armenian exile said by telephone from Addis Ababa.

"Everyone is helping him, there's no need to worry," said Theresa Masras, an Armenian who left the Soviet Union 28 years ago and is married to an Ethiopian businessman.

Mr. Airikyan telephoned family members in Moscow late Tuesday and informed them that he was in Addis Ababa, his mother-in-law, Nina Sidorenko, said.

She added that Mr. Airikyan had begun a hunger strike to protest "total isolation" in the Ghio Hotel in Addis Ababa.

Mr. Sidorenko said Mr. Airikyan told her that on Tuesday he went to the U.S. Embassy in Addis Ababa to start processing of his case.

She quoted him as having said that a Soviet diplomat in Addis Ababa, Eduard K. Kolgin, had assured him that his wife, their three children and other relatives wishing to accompany him into exile would be allowed to leave the Soviet Union, she said.

The mother-in-law added that Mr. Airikyan had told her he was taken from the Armenian capital of Yerevan to Moscow on July 20 and kept overnight at Lefortovo Prison.

Mr. Airikyan served 17 years in Soviet prisons and labor camps before his release last year after a government review of political sentences.

He was in frequent contact with Western journalists earlier this year when Armenians began the campaign over the disputed Nagorno-Karabakh region.

When he was arrested in March, he was charged with defaming the Soviet state in passing information to Moscow-based foreign correspondents.

Saudis Will Look to All for Arms

By Youssef Ibrahim
New York Times Service

PARIS — King Fahd has said Saudi Arabia will continue to seek weapons wherever it can find them, implying that the 40-year special relationship with the United States has become a thing of the past.

In what Saudi officials suggested were pointed remarks directed to the U.S. Congress and the American pro-Israel lobby that have systematically blocked attempts by Saudi Arabia and other Arab allies of the United States to purchase American-made weapons, King Fahd added: "We are buying weapons, not principles."

Arab diplomats here, who asked not to be identified, said the comments carry additional significance as they come on the heels of several clashes with the United States during the past few months and a significant exchange of high-level contacts between the Saudis and the Soviet Union. Two senior ministers in the Saudi cabinet have made at least four visits to Moscow over the last 12 months.

One Saudi official, interviewed by phone, noted that "we may move at glacial pace, but this is a sea change not a question of pouring." The official, who asked not to be identified, said there have been too many disagreements with the United States about its policies in support of Israel and its inability to supply friendly Arab states with arms "without humiliating them."

These disagreements have resulted in the expulsion of Hume A. Horan, the former U.S. ambassador to Saudi Arabia, the defiant purchase and installation of surface-to-surface Chinese ballistic missiles by Saudi Arabia and the signing of a \$25-billion arms package deal to buy airplanes, tanks and ammunition and construct two British-designed airbases in Saudi Arabia. The deal means Britain has supplanted the United States as chief supplier of arms to Saudi Arabia.

Mr. Chaitchai, 66, who serves as acting deputy prime minister, heads the Thai Nation Party, which won the most votes in general elections Sunday.

Analysts said Mr. Prem could be trying to parry criticism from the opposition, who have called for the next prime minister to be an elected leader. The Thai constitution does not require the prime minister to be elected.

Mr. Prem called early elections after dissolving parliament, disbanding his coalition government and oulifying a no-confidence motion. (AP, AFP)

WORLD BRIEFS

Contra Military Commander Resigns
MIAMI (AP) — Enrique Bermudez, the military commander of the Nicaraguan rebels, has resigned his post but will continue to coordinate contra military activities under a reorganization plan.

Mr. Bermudez, elected earlier this month to the seven-member directorate that governs the contras, will officially no longer head the important Honduran-based Northern Front. But he will "coordinate and implement the decisions of the directorate that apply to the military area," according to a statement by Nicaraguan Resistance directors.

Under the long-promised reorganization announced Tuesday, Mr. Bermudez's position as commander of the Northern Front has been abolished. Adolfo Calero will head the international area, Roberto Ferrey the national area, Alfredo Cesar political negotiations, Aristides Sanchez communication and administration, Wilfredo Montalvan exile affairs, and Wycliffe Diego Nicaragua's Atlantic Coast area.

Palestinians in Gaza Stage a Strike
GAZA, Israeli-Occupied Gaza Strip (Reuters) — Palestinians in the Gaza Strip staged a protest strike on Wednesday, and the Israeli troops confined all 42,000 residents to their homes in Shas' camp, where a 12-year-old girl was killed during a confrontation between the army and demonstrators on Tuesday night.

Palestinians said the girl died after being shot in the stomach. The army said it had not yet determined the cause of death because the girl's family took her body straight from Gaza's Shifa Hospital for burial.

All stores closed in the Gaza Strip, most Palestinian laborers employed in Israel failed to report for work and public transport was at a standstill. The strike had been announced earlier in the week, and underground leaders of the uprising, in their latest leaflet, targeted Friday for the next general strike.

U.S. Official Plans to See Palestinians
WASHINGTON (AP) — A senior American diplomat said Wednesday he intends to meet with Palestinian representatives next week in the Middle East, but denied the United States is contemplating changes in its ban on negotiations with the Palestine Liberation Organization.

Richard W. Murphy, the assistant secretary of state for Near Eastern and South Asian affairs, was responding to comments by Hosni Mubarak, the president of Egypt, who said the United States is ready to hold talks with PLO members who are not prominent in the organization. "I hope to have meetings with Palestinians," said Mr. Murphy, who added that there is "no dramatic new initiative under way."

Mr. Murphy said no venue had yet been set for the meetings. He plans to visit Israel, Jordan, Egypt and Syria, following a meeting in Geneva with Vladimir Poinakov, a Soviet envoy. The trip is designed to assess, among other things, prospects for bringing Arabs and Israelis to the negotiating table.

Report on Airbus Crash Blames Pilot
PARIS (Reuters) — An official report into the crash of an A-320 Airbus during a low-altitude display at an air show in eastern France last month has cleared the airliner and blamed the accident on pilot error, French television said Wednesday.

The Civil Aviation Board report into the June 26 crash, in which three persons were killed, is to be handed to the Transport Ministry on Thursday.

"But we can confirm that the plane is cleared and the pilots, who flew too low and too slowly, are considered responsible for the catastrophe," the television said. A Transport Ministry spokesman declined to comment.

Cholera Crisis Alarms New Delhi
NEW DELHI (NYT) — The death toll in a cholera and gastroenteritis epidemic rose Wednesday to at least 157 in what city officials called the worst health crisis in the Indian capital in years. Accusing the government of failure to cope with the four-week epidemic, 500 persons with black flags marched near Parliament House.

More than 11,000 persons have been treated and 450 are listed in serious condition. Most of the victims are children.

City officials and planners said that the outbreak of the disease, mostly in crowded settlements in eastern Delhi, built in the mid-1970s, had its roots in decisions to oust tens of thousands of slum dwellers from their homes in the old part of the city and relocate them in the affected area, across the Jamuna River, with inadequate water and hygiene.

For the Record
The United States has suspended military and economic cooperation with Qatar to protest the sheikhdom's acquisition of Stinger anti-aircraft missiles, U.S. diplomats said Wednesday. The United States learned about the missiles in March and wants to get them back in order to see their serial numbers and determine where Qatar got them. (AP)

Two former Soviet soldiers who were captured in Afghanistan and who later turned up in the West appeared in Moscow on Wednesday as part of a campaign to encourage others to come home and accept an offer of amnesty. They are cow tractor drivers in their villages, they said. (AP)

TRAVEL UPDATE

EC Warns Over Eurocheque Charges
BRUSSELS (AP) — The EC Commission said Wednesday it worried that, "notably during this holiday season" some banks levy unjustified taxes and charges on Eurocheques.

It invited complaints so it may take legal action against offenders: It plans legal action against Italy, which levies a tax of 300 lire per Eurocheque cashed in Italy. Banks in 40 countries participate in the system. "Banks must pay travelers the full amount for which the cheque is made out," said a spokesman for Eurocheques International in Brussels.

"The bank in the traveler's home country may charge 1.6 percent of the total as a handling fee."

Consumers should complain to their bank, their national Eurocheque center or the EC "if they have problems paying with Eurocheques and the EC said.

Italian health officials declared all except a single stretch of 500 meters (345 yards) of beach along northwest Italy's most popular vacation coast safe for bathing Wednesday, virtually ending a 10-day scare over chemical pollution. (UPI)

Belgium banned bathing in a stretch of sea at the resort of Nieuwpoort after an unsafe level of salmonella bacteria was found, Belgian TV said Wednesday. The bacteria cause gastric problems. (Reuters)

Koch Assails the U.S. Irish And Praises U.K. in Ulster

The Associated Press

NEW YORK — Mayor Edward I. Koch says Irish-Americans who "beat up the British" for their role in Northern Ireland are taking the easy way out.

The mayor, back at City Hall on Tuesday, defended remarks he made in Dublin earlier in the day at the end of his five-day pilgrimage for peace in Ireland with Cardinal John O'Connor of New York.

In Dublin, Mr. Koch had praised the "good attitude" of the British, saying, "I do not believe that they deserve the castigation that any of us, myself included, have heaped upon them."

"I do not believe that the British are occupying forces," he said. "My impression in Northern Ireland is that the British are trying to play a constructive role."

He said he thought they were in Ireland "more from the point of view of safeguarding the peace by preventing what, if these people were Jewish, would be called a pogrom."

The comments brought an immediate negative reaction from prominent local Irish-Americans, including Peter King, the county official who has visited Northern Ireland often and was the grand marshal for the St. Patrick's Day Parade in 1985.

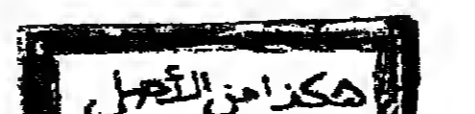
He called the mayor's remarks "senseless and ridiculous" and said Mr. Koch was "demonstrating an appalling ignorance and disregard for the Catholic community of Northern Ireland."

Mr. Koch said he changed his mind about the British after learning more about the recent accord between the government of Britain and the Republic of Ireland. "The easiest thing to do is to beat up the British," he said.

"They are responsible for the historical reasons for the division of Ireland," he said. "But, if you put that aside and talk about what they are doing today, I came to the conclusion that the British today are playing a positive role."

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U.S. Lets Officers Use Stimulant
Force Limits No Long Flights
The Associated Press
WASHINGTON — The U.S. Air Force announced Wednesday that it will allow pilots to use a stimulant drug to help them stay alert during long flights.
The announcement comes amid growing concern among West German pilots about the safety of low-level flights over the North Atlantic. The U.S. Air Force has been accused of endangering lives by allowing pilots to use the drug.
The report says that pilots who use the drug will be given a 10-day rest period after each flight.
The U.S. Air Force has been accused of endangering lives by allowing pilots to use the drug.
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هكذا من الأجل

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U.S. Lets Fliers Use Stimulant

Air Force Limits It to Long Flights... The Associated Press

FRANKFURT — The U.S. Air Force said Wednesday that its pilots are allowed to take a stimulant to combat fatigue on long flights and a sedative to help them sleep later.

The statement comes amid growing concern among West Germans about the safety of low-level training runs following a series of accidents there involving British, French, U.S. and West German military planes attached to the North Atlantic Treaty Organization.

West Germany's ARD television network reported Tuesday night that U.S. Air Force pilots assigned to West Germany take Dexamedrine, a form of amphetamine, to increase their alertness while in flight.

The report quoted an unidentified U.S. military officer as saying that air force pilots routinely use Dexamedrine to allow them "to fly when they haven't gotten enough sleep or don't feel fit enough."

The report said that pilots then take the sedative Seconal to counteract the effects of Dexamedrine.

In an official statement from its headquarters in Ramstein, the air force stated "categorically" that its pilots do not take medication for normal, day-to-day training flights.

The statement added, "The use of stimulant and sedative medications is limited by regulation to flights in which the length or precise schedule of the mission presents a significant risk of flight safety due to fatigue."

"Dexamedrine and Seconal use almost exclusively involves solo flights to or from the United States and overseas bases," it said.



A firefighter at Yellowstone National Park battles the worst outbreak of blazes in the oldest United States park since the late 1800s.

Worst Fires in a Century Ravaging Yellowstone

Compiled by Our Staff From Dispatches... YELLOWSTONE NATIONAL PARK, Wyoming — Firefighters are battling the worst outbreak of forest fire since the late 1800s in the nation's oldest park, but tourists are still flocking here by the thousands.

The fires began because of the major drought that has persisted in most of the United States in recent weeks.

"There has not been a drought like this in a hundred years," said a park spokeswoman, Joan Anzelmo.

"The conditions are tinderbox perfect for new fires to light from lightning strikes."

fighters battled nine active blazes in the park, including the 5,500-acre (2,225-hectare) North Fork fire that moved to within 6 miles (about 10 kilometers) of the Old Faithful Geyser.

Officials at Yellowstone said only 40 miles of road and two big campgrounds at the south end of the park had been closed because of the fires, leaving the rest of it open to a steady stream of visitors.

The fires have closed campgrounds in the Grant Village and Lewis Lake areas.

Park service officials expected the North Fork fire to burn to the northeast, missing the most famous of its 3,000 geysers and hot springs.

George Robinson, the park's chief naturalist, said that 79,209 acres had burned inside the park, 3.6 percent of its 2.2 million acres.

The fires, fueled by drought, were among blazes burning in eight Western and Midwestern states, where tens of thousands of acres of forest, brush and meadow have gone up in smoke.

The other states with major fires are Alaska, Arizona, Idaho, Oregon, Utah and Washington.

Firefighters kept watch on a 6,000-acre blaze burning west of Old Faithful. Officials planned to use helicopters to start backfires with a napalm-like substance to slow its advance.

Shifts in Liberation Theology

After 20 Years, Movement Looks Past Social Conflict

By Peter Steinfels... New York Times Service

NEW YORK — After 20 years, liberation theology, which is widely believed to have altered the political and religious landscape of Latin America, is looking beyond social and economic conflict, relying less on Marxism, focusing more on spirituality and rethinking its attitudes toward democracy and socialism.

Those are judgments recently expressed by the Reverend Gustavo Gutiérrez, a Peruvian priest widely viewed as the founding father of liberation theology, and by two U.S. students of the movement.

They gathered with liberation theologians from around the world at the Maryknoll School of Theology near Ossining, New York, in mid-July to mark the 20th anniversary of the conference of Latin American bishops at Medellin, Colombia, that gave an official blessing to some of liberation theology's major themes.

Liberation theology put the problems of overcoming poverty at the heart of Christian theology, instead of the problems of belief that had preoccupied theology since the Renaissance.

It inspired thousands of priests, nuns and lay workers to take up life in shantytowns and villages. It also challenged long-standing links between the Roman Catholic Church and Latin American elites, and appeared to promise — or threaten — a new alliance between faith and movements demanding radical change.

To hear Father Gutiérrez speak of church workers murdered by death squads or of the poor in his Lima parish is to know that these commitments of liberation theology remain unchanged.

In an interview in New York, Father Gutiérrez said African, Asian and feminist thinkers had forced liberation theology to take

account not only of economics and politics but also of racial, cultural and gender factors that contribute to the plight of the poor.

From the first, he said, he wrote about liberation from personal sin as well as social oppression, and neither he nor other liberation theologians accepted Marx's theories.

For liberation theology, he said, everything begins with the question, "How do you say to the poor, the oppressed, the insignificant person, 'God loves you?'"

He said that central to his writings has been the problem of relating "God's gratuitous love, the suffering of innocent people and human aspirations for justice."

Paul E. Sigmund, a professor of politics at Princeton University, and the Reverend Arthur F. McGovern, a Jesuit who teaches philosophy at the University of Detroit, echoed the view that adherents of liberation theology were de-emphasizing Marxist concepts, focusing more on spirituality and growing more flexible in political and economic analysis. Both scholars attended the Maryknoll meeting.

Mr. Sigmund said liberation theologians were following the shift of Latin American social scientists away from "dependency theory," which says that the poverty there is the inevitable consequence of economic dependency on the United States.

But liberation theology remains bitterly opposed to the capitalism it sees in Third World nations, Father McGovern said.

Father Gutiérrez shared this skepticism. Still, he was willing to entertain the idea that, if the evidence showed capitalism effectively relieving poverty, there could be a capitalist liberation theology.

"I don't believe the capitalist system as we know it today is good for the poor," he said. "But theoretically, if it is a way out of poverty, I have no problem."

Experience with dictatorship, Father Gutiérrez said, had made liberation theologians more appreciative of political rights. But Mr. McGovern and Mr. Sigmund said the movement still had little of the American faith in electoral and parliamentary institutions, which frequently have been manipulated in Latin America.

Hungarian Leader, in U.S., Says a Soviet Troop Pullout Is Up to West

By Don Oberdorfer... Washington Post Service

WASHINGTON — Hungary's leader, Karoly Grosz, says that he had talked with the Soviet leader, Mikhail S. Gorbachev, about a possible withdrawal of Soviet troops from Hungary, but Mr. Grosz suggested that such cutbacks would depend on reciprocal action by the West.

Mr. Grosz, speaking Tuesday at the National Press Club, said that he and Mr. Gorbachev had agreed "to continue this discussion" about the future of the 65,000 Soviet troops in his country.

[President Ronald Reagan and Mr. Grosz agreed Wednesday that the overhauling of Hungary's economy must be accompanied by political reforms.

Earlier this month, the Reagan administration announced in a background briefing that "increasing indications" had been received of an early Soviet decision to withdraw some or all of its ground forces from Hungary.

A senior official told reporters at the time that Mr. Gorbachev might announce a pullback during a Warsaw Pact conference in Poland. There was no such announcement.

During a White House briefing on Monday, the same U.S. official said that a Soviet withdrawal from Hungary "just seems not to have taken shape, and we're not speculating as to why or when it might."

A withdrawal would have major repercussions in Hungary, where Soviet troops crushed the 1956 uprising, which Mr. Grosz characterized this week as "a national tragedy in a political sense" and an attempt at "counterrevolution."

A withdrawal would also have a major impact in Western Europe, and this appears to have been among the reasons for the U.S. announcement.

Mr. Grosz said, in answer to a question, that he had been searching for eight years for the source of speculation about Soviet plans for a troop withdrawal.

"As far as I'm concerned, what I would like to see is that there be not one soldier at all, not in Hungary, and not in the rest of the world," Mr. Grosz said.

He added, though, that for the Soviet Union "to disband the armies in Hungary, to withdraw its armed forces from Hungary, others would have to be disbanded or withdrawn as well."

Soviet forces in Eastern Europe as well as U.S. and North Atlantic Treaty Organization forces in

Western Europe are to be the subject of new East-West negotiations on reducing conventional forces.

A mandate to set the terms of such negotiations has been under discussion in Vienna for months.

Mr. Grosz, 57, who is prime minister as well as party chief, took over the party post from Janos Kadar, 76, who held it from 1956.

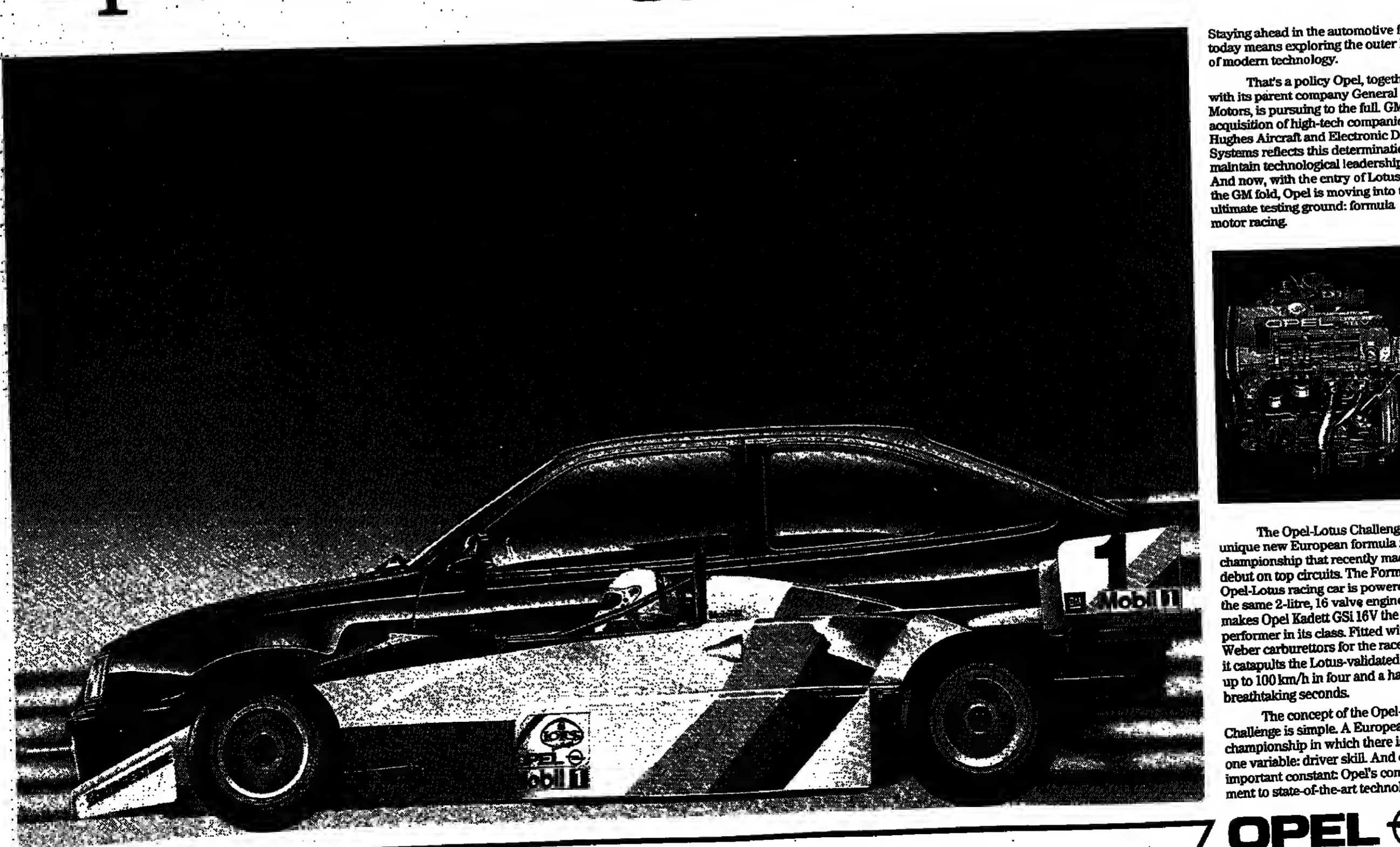
The appointment of Mr. Grosz to the post was described as both a generational change and a shift to a more pragmatic leadership. He became general secretary of the Hungarian Communist Party in May, and he is the first Hungarian Com-

unist chief ever to make an official visit to the United States.

Explaining his policies, Mr. Grosz said he was trying "to establish something new, something more modern, something more efficient in the interests of the development of the Hungarian nation."

Saying that "it is not possible" to accomplish economic reform without political reform, Mr. Grosz mentioned greater freedom to travel outside Hungary under new passport laws, planned legislation on rights of assembly and association and legislation about rights of nationalities.

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A Ferocious, Futile War

You know that I made a pact with you to fight to the last drop of blood and the last breath. I abandoned whatever I said before for the sake of His blessing.

Thus Ayatollah Ruhollah Khomeini, having sent hundreds of thousands of young Iranians to a pointless death, sought to explain to his people last week why he now wants to end the war against Iraq. The eight-year war, set to end if a United Nations cease-fire can be arranged, is remarkably ferocious and futile, even by 20th-century standards. Casualties have totaled almost a million, and still mount, yet both sides have gained almost nothing. The only party that seems to be achieving a goal — an end with no victor — is the United States.

The conflict was created through colossal miscalculation on both sides. Iran and Iraq have long differed over the control of the waterway between them, the Shatt al Arab. Patched up under the shah, these disagreements flared up after his overthrow when the mullahs attacked the legitimacy of the Iraqi regime. Iraq responded disproportionately and disastrously. Gambling wrongly that Tehran would quickly negotiate from weakness, President Saddam Hussein invaded Iran on Sept. 22, 1980.

By 1982, Iran had rallied and repelled the invaders. Instead of stopping there, it invaded Iraq, aiming to overthrow President Hussein. The Iranian thus bears a major share of responsibility for provoking the war and continuing it beyond attainable limits.

Both sides have set horrifying examples. The Iraqis resorted to chemical attacks, despite having forsworn first use of these weapons under the Geneva Protocol of 1925. And they aimed rockets at Iranian civilians. Those brutal methods, used to a

lesser degree by the Iranians, effectively demoralized Iran's soldiers and citizens.

For its part, Iran callously ordered human-wave attacks in which untrained men, sent to overwhelm Iraqi guns, were slaughtered. Even Iraqi soldiers were used to clear mine fields, equipped with a small metal key and the ayatollah's special permission to enter Heaven.

Iran's decision to end the war represents a major success for American policy. Operation Staunch, the U.S. effort to dissuade countries from selling arms to Iraq eventually brought Iran's materiel to critically low levels. The U.S. Navy's presence in the Gulf shored up Iraq's war at sea and the Gulf states' resistance.

The United States also helped sponsor the United Nations resolution that both sides have now accepted as the framework for peace. The Reagan administration's policy, criticized as ill planned, one-sided and open-ended, now appears vindicated. At low cost and the loss of remarkably few lives, American force and diplomacy have curbed Iran's expansionism and brought a dangerous conflict close to an end.

Yet the war is not over. Iraq rashly continues to attack and harden its terms. The original causes of the war — control of the Shatt and interference in each other's affairs — are still unresolved and may impede the comprehensive settlement that Iraq seeks. Washington needs to reiterate its original objective: peace without victory. Even so, the worst of the fighting is probably over, and both sides now seem willing at last to revert to diplomacy as the continuation of war by other means.

— THE NEW YORK TIMES.

A Hungarian Drops By

A fair measure of the way the world is changing is that the leader of the ruling Communist Party in Hungary, the country many Americans still associate with the horror of the Soviet-crushed revolution of 1956, dropped by the White House yesterday. Karoly Grosz, the 57-year-old party hand who is prime minister as well as general secretary, is no closet democrat. He dismisses 1956 as a "counter-revolution" and, although Hungary is liberal by Soviet bloc standards, he cannot see beyond a one-party political system. Still, by accepting and pushing on with the reforms undertaken by his predecessor, Janos Kadar, who retired in May, he earned a rare and prized invitation to Washington. Ronald Reagan in receiving him was following the policy that has guided presidents of the last 30 years in encouraging nationalism and independence in the buffer zone that the Kremlin built for itself in Eastern Europe after World War II.

Mr. Grosz, of course, has his own reasons. He uses Hungary's expanding Western contacts to demonstrate to a determinedly non-Communist public that Communist rule does not keep a small Central European country from enjoying a normal world role. He also pursues the trade, technology and credits with which Hungary hopes to pry itself out of the economic swamp that de-

ces of old-style Soviet socialism sank it in. Hungary now leads the Soviet bloc in the kind of reform, starting out as economic but verging toward the political, that Mikhail Gorbachev is talking up at home. But reform is not magic; it does not create resources. For the sins of modernization, Eastern Europe is turning, each country in its fashion, to the West. Eager to lighten Moscow's regional burden, Mr. Gorbachev variously allows and encourages this development, counting on the local Communist parties to dampen the attendant political risks.

But not just on the local parties. Mr. Grosz was preceded to Washington by rumors that the Kremlin might announce unilateral withdrawal of its 65,000 troops in Hungary left over from 1956. Since Hungary has no border with a NATO country, there cannot be the slightest pretense that these troops are there for any other reason than to ensure Soviet control. "Our troops in other countries are not on dead anchor," Mr. Gorbachev hinted two years ago, even as he suggested that there should be a general East-West drawdown: "The anchors should be raised simultaneously, and by everyone." Mr. Grosz now seconds this suggestion. But why should the Hungarian people be required to wait?

— THE WASHINGTON POST.

Money for the Athletes

It takes an enormous amount of time and energy for an athlete to prepare to compete in the Olympic Games. For a relatively small number of athletes, that type of commitment poses no problem, but for others it will be a discouraging struggle. Some who are poor will find it impossible. This is the reasoning behind the U.S. Olympic Committee's decision to increase greatly the number of prospective Olympic athletes who can receive support payments, other financial aid, jobs and college scholarship money. This step is a good one.

The USOC has announced that it will allocate \$18 million from the sale of commemorative coins to give such help to U.S. athletes who are training for the 1992 Olympics. Some 1,000 athletes, to be selected by the national governing bodies of their respective Olympic sports, will receive \$10,000 (about \$2,500 per year from 1989 through 1992) in cash support. That is more than three times the number of U.S. athletes who have received similar help through "Operation Gold," which provides support payments based on an athlete's world ranking.

Another \$3 million will expand the Olympic Job Opportunities Program to help 350

athletes find employers who will allow them time off to train and compete. Some 140 athletes now receive such assistance. About \$3 million more will go to athletes exhibiting special financial need, and some \$2 million will fund a new program offering college scholarship money to athletes who want to attend a college or university that does not offer a program in their Olympic sport.

Right now, some athletes in training receive much help and others none. The USOC plan would spread benefits to more athletes in each of the 38 individual Olympic sports. In the case of college athletes, cash assistance could not be given because that is in conflict with NCAA rules. The USOC says it hopes to discuss this with NCAA officials.

Some athletes say the cash aid will be minimal help at best, but it will help some who might find it impossible to make ends meet. Others say the USOC is giving in to pressure to be more successful in the Olympic Games. But many nations fully subsidize the food, housing, training and medical care of their prospective Olympic athletes. The USOC plan to offer more athletes a chance to make the U.S. Olympic team makes sense.

— THE WASHINGTON POST.

Other Comment

The Burmese Need Pluralism

Burma's ruling party leadership will have reassured no one by the choice of U Sein Lwin to succeed U Ne Win as the country's ruler. He is detested for his brutality in putting down recent civil dissent. He is by nature one of the most obstinate elements in a system which has already proved its unworthiness for power. Mass hunger used to be unknown. No lasting change will be possible without real political reform. All organized opposition has been repressed. But without moves toward real pluralism, the Burmese government will deserve no support from the outside world. Pressure

from Burma's foreign aid donors, notably West Germany and Japan, was reportedly instrumental in bringing U Ne Win to accept the necessity of reform in his bankrupt country. They should keep up that pressure.

— The Times (London).

There have been many false dawns in the 26 years since General Ne Win sent his country down the "Burmese way to socialism." So many, in fact, that the latest talk of radical political and economic change can only arouse skepticism. The waves of rioting since last September could merely be a prelude to something much worse.

— The Sydney Morning Herald.

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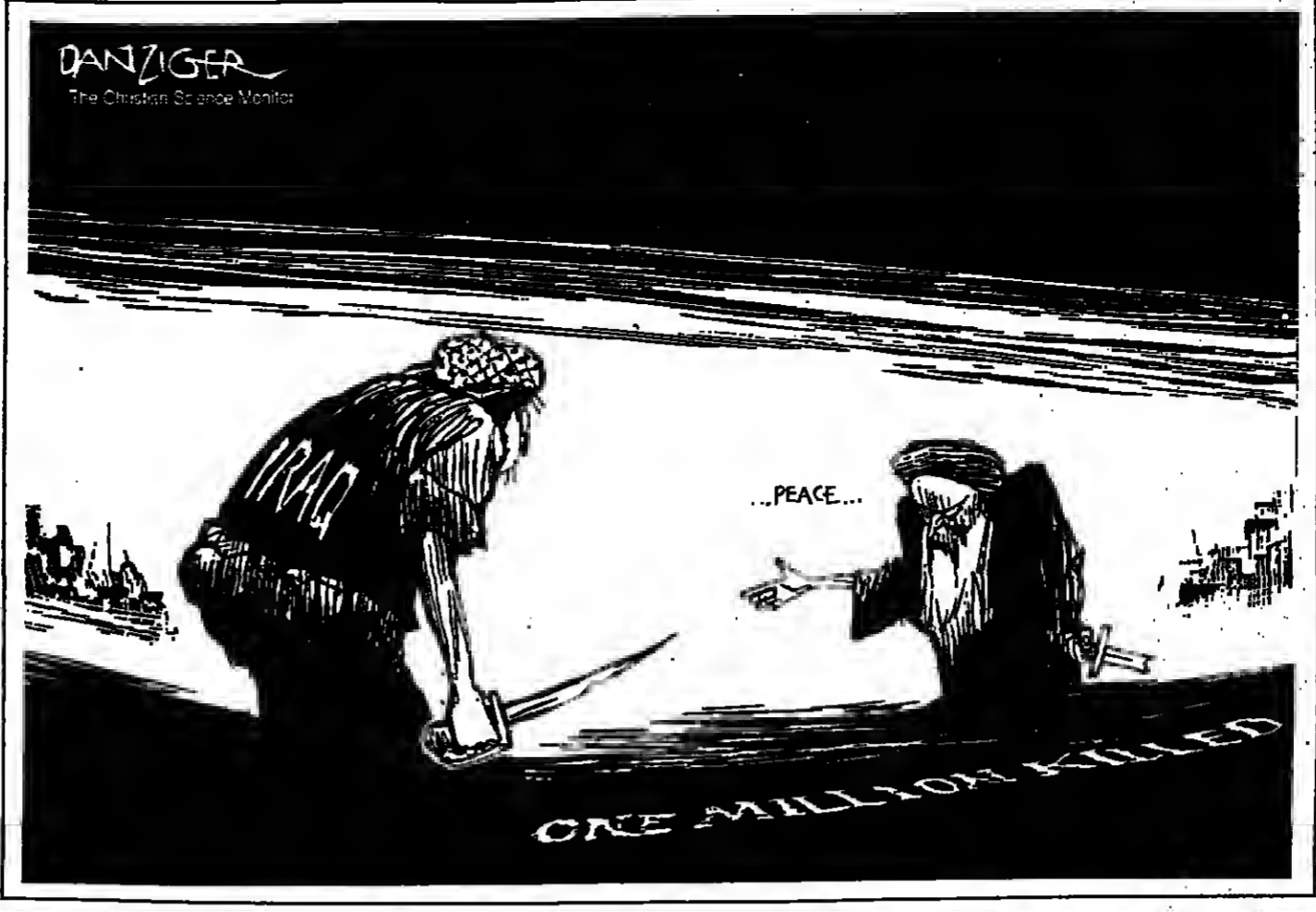
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Environment Is Becoming an International Issue

By Flora Lewis

PARIS — The Cold War isn't over, but even as the political climate is warming, so is the world's physical climate. There are many signs that the next general international crisis is going to be about the environment. It can become as abrasive, dangerous and costly as the arms race.

There have been warnings about environmental abuse for decades, but concerns were separated from high politics and security. Now convergence has begun. Environment is changing from a noble, usually local cause to an international issue that can be seen gathering force. It is already a major domestic issue in a few countries, notably West Germany.

The key difficulty at this stage is that there are so many different aspects and no overall approach. Nobody really knows how various causes and effects fit together, and how to assign responsibility. There has been much talk of the greenhouse effect, ozone depletion, acid rain and toxic wastes, not to mention nuclear accidents. But the nations have yet to develop a concept of coordination.

For example, the Inter-Action Council, a group of eminent former government leaders, recently recommended a new look at nuclear energy. They concluded that accumulating atmospheric deterioration caused by burning ever more coal and oil is more dangerous than expanded use of nuclear energy under proper safety rules.

But there is no solid body of scientific information on what is really happening, how much of the damage comes from industrial emissions, how much from deforestation and changing use of land, how much from new chemical compounds.

Some scientists say there are much more efficient ways of burning coal that would produce more energy with far less pollution, but utilities are reluctant to make the investment because of their big losses resulting from initial euphoria about atomic power. Some say a crash program for controlled fusion, the principle of the hydrogen bomb, is best. Others say fusion energy is still far away and will always be too expensive.

Deforestation is an important element in worldwide climatic change. But the suggestion that the powers impose conservation of rain forests would obviously provoke fierce North-South conflict. These dense stretches of greenery are mostly in developing countries, whose report is that they cannot bear the burden of protecting rich countries from the effects of earlier development.

Underworld pollution has started. It is a new kind of trafficking in which unscrupulous dealers pay off irresponsible Third World officials to accept storage of poisonous wastes at cut rates. Lebanon has asked Interpol to arrest a man who fled under suspicion of dumping thousands of barrels of toxic and radioactive material in its waters. Some of the barrels turned up on beaches in Cyprus.

Environmental damage is becoming a political issue in the Soviet Union, where central planning authorities long ignored the effects of their decisions. Daniel N. Nelson, a University of Kentucky specialist on Soviet affairs, says it has become a

more important focus of opposition than human rights or religious dissidence.

Informally, Soviet officials say the West ought to help them clean up, since it is ahead in the technology and its own interests would be served. Chancellor Helmut Kohl of West Germany plans to propose sales of equipment, presumably on favorable credit, when he visits Mikhail Gorbachev in October.

Seventeen national space agencies are planning an International Space Year for 1992, with the emphasis on "mission to planet Earth." This will be the first attempt to coordinate the mass of satellite-gathered information and to document all available details of environmental change.

Reversing damage will be expensive and may change world economic patterns. The poor countries will not renounce development, and the rich are likely to face a high premium to maintain standards. Unless a system is worked out for international responsibility, quarrels can become as explosive as old territorial triggers of war.

A West German woman who wrote a sensitive, personal book about her childhood experience, and acceptance, of Nazism was trying to explain to hostile students a while back how it was possible not to recognize the evil from the start. "It was the times," she said, "the attitudes of the society all around us. Now you can look back. Think how people will look back on us in 50 years or so and wonder how we could have tolerated what we are doing to Earth, just going on with everyday life." There is a difference in motive. The result can be as awful.

The New York Times.

The Reagan Policy for Latin America Has Worked

By Elliott Abrams

WASHINGTON — Magical realism, that unique Latin invention of literary fantasy amid factual description, characterizes not only much Latin American literature but also much of our debate in the United States about Latin America life.

Throughout Latin America, astonishing political and intellectual change is under way. The historical pendulum that should have returned new Latin democracies to army control has been suspended for all seven and a half of the Reagan years. Although still fragile, the civilian governments have introduced and preserved great human rights gains. Traditional Marxist orientations among intellectuals are growing weaker as Cuba stagnates and the Soviets reach for market mechanisms.

The U.S. role in all this has been to urge, promote, assist. We have resisted domestic protectionism and kept our huge market open to Latin exports, thus helping to alleviate the debt crisis. We have managed extremely sensitive trade problems with Brazil when most observers thought a trade war was inevitable. Despite many foreign policy disagreements with Mexico, we have cooperated steadily on border, financial, immigration, environmental and trade issues.

Relations with Argentina, once said to have been ruined by the war over the Malvinas or Falkland Islands, are

better than ever. We have helped in the political changes in Guyana and Suriname. We have helped stop coup attempts, most recently in Guatemala, supported reform in the administration of justice throughout Central America, worked hard to support the Human Rights Commission of the Organization of American States.

Cuba has truly been put on the defensive on human rights, and forced to accept the presence there of both the International Red Cross and the UN Human Rights Commission. Latin governments now dedicate many more of their own resources to the struggle against drug trafficking and they have become convinced that drugs are a Latin problem and not simply a U.S. crisis. Legislation for the Caribbean basin has led to more jobs in the Dominican Republic.

One of the most extraordinary aspects of this astonishing chain of events is the unwillingness of the U.S. left to accept this democratic progress. Instead the left has been blinded by a fixation on two factors in U.S. policy: the struggle against Communist advances and the willingness to counterbalance the use of force against them.

The achievement and survival of democracy in Latin America is still

large role for the United States in the region even as part of multilateral efforts. Our interventions to help stop coups are very thankfully acknowledged — if mainly in private.

Multilateralism is always desirable, but the real question is what we do when an immediate and forceful multilateral effort is not possible. Is multilateralism nothing more than a dodge for simple inaction? Is it a form of magical realism at variance with the realities of Latin life, an incantation offered in the hope that it will make hard choices go away?

Critics have the luxury of invoking whatever concept they find useful in the struggle to resist a vigorous U.S. foreign policy, but policy makers live a tougher life. How do we stabilize democratic gains in El Salvador, Guatemala, Honduras? How do we end brutal human rights violations in Cuba? How can we provide effective help to democratic governments resisting the attacks of guerrillas in Peru, Colombia and elsewhere?

In 1980, no one predicted that President Reagan's Latin policy would be an extraordinary success. Nor did anyone predict that his administration would come to be a more effective advocate and supporter of democracy in the region than any of its predecessors. Yet the key ingredients were there: strong belief in individual freedom in all parts of life, and a willingness to use U.S. influence in this region as throughout the world.

Those ingredients have combined to associate the United States with the greatest expansion of democracy in Latin history. But the gains are unconsolidated and in danger. Violent Communist groups and far-right extremists remain implacably opposed to democracy, poverty and injustice are still the lot of millions. U.S. leadership has meant democratic progress. If we refuse to lead the struggle for democracy, including the struggle against its enemies, will we put all those gains at risk?

The New York Times.

The Diplomat's Job: Stand Up For Values but Don't Take Sides

CALLING the United States an "imperial bully," Nicaragua recently expelled Ambassador Richard Melton for allegedly meddling in internal affairs. It is not a new complaint. Indeed, it has now cropped up again in Havana, where the regime was irked by the presence of Cuban human rights activists at a U.S. diplomat's cocktail party.

Most diplomats understand that they ought not to take partisan sides in domestic elections — including those back home in the United States. Dictatorships pose a dilemma. Diplomats risk censure when they fail to develop ties with opponents of dictators, left and right. Yet their risk exposure if they do. Their best rule of thumb is to stand up clearly for American values but avoid appearing to promote either a dictator or his opponents.

When diplomats oversee, they can make themselves and their countries look foolish. A classic instance occurred when Juan Peron was mesmerizing Argentina with Yankee-baiting populism. As tersely retold in a manual for Foreign Service officers:

"The United States intervened in the elections of 1946. Ambassador Spruille Braden delivered pointedly partisan speeches, and two weeks before the election the U.S. Department of State issued a book that was highly critical of Peron. Peron took full advantage of the challenge. His campaign slogan 'Braden or Peron' proved to be highly effective."

As instructive is a contretemps a century ago that may have cost Grover

Cleveland a re-election victory. (He ran four years later and won.) In September 1888, a man signing himself Murchison, who claimed to be a naturalized American citizen, wrote to the British envoy in Washington saying he wanted to do his best for the old motherland. Would a victory for Mr. Cleveland be better for Britain? Sir Lionel Sackville-West, an unwary pacifist with better bloodlines than brains, commented Mr. Cleveland in a letter marked "Private."

The letter passed to the camp of Benjamin Harrison. Mr. Cleveland's Republican rival, and the text was made public nine days before the vote. A New York daily ran a facsimile, headlined: "The British Lion's Paw Thrust Into American Politics."

Since the Irish-American vote was crucial in key states, gloom overcame the Democrats. Mr. Cleveland hesitated, prompting his party managers to cable that the Irish vote "is slipping out of our hands because of diplomatic shilly-shallying." Thus prodded, the president declared Lionel Sackville-West non grato.

Friends of the diplomat insisted that the gaffe made no difference; that Mr. Cleveland lost in a close vote because he resisted protectionism. Whatever, the incident clouded Sir Lionel's career. Diplomats, one might conclude, may justifiably risk expulsion by standing up for human rights but risk harm to their own countries when they tout mercur or candidates.

— Karl E. Meyer, writing in The New York Times.

An Elephant On Duty in A Bathtub

By Jim Hoagland

PARIS — On July 14 the vice president of the United States had an exceptionally clear view of the future of the American role in the Gulf once diplomacy calmed the Iran-Iraq war. The implementation of Resolution 598 would enable the United States to return to the modest naval presence in the Gulf it has maintained for more than 40 years, with the support of the Gulf states. George Bush told the United Nations Security Council: We look forward to that day.

It was a striking commitment to trimming the armada currently in the Gulf — from 21 ships back to the three or four that traditionally have formed America's Gulf fleet. But Mr. Bush's pledge drew little attention in the middle of the UN debate on the Iranian Airbus disaster; everyone knew that Iran would never accept peace. The war would grind on, and the armada would have to stay.

Four days later Iran again double-crossed everyone, saying that it would accept a cease-fire and the other terms of Resolution 598 after all. Suddenly a peace settlement was a real possibility. And suddenly that wonderfully unobscured view enjoyed by Mr. Bush of the future clouded once more. U.S. officials rushed to say that it was too soon to talk about the future size of the Gulf. What had been so obvious 96 hours before was now premature.

In Paris, the deputy U.S. defense secretary, William Taft, speaking at a press conference on July 20, avoided three times answering whether the United States would go back to the modest naval presence in the Gulf that it had maintained for more than 40 years. He accented instead the prospects that reduced tensions would lead to a reduced force. White House and State Department spokesmen have been using the same evasive response to leave the Pentagon the option of keeping a much larger force there.

The point here is not to suggest duplicity or even serious backpedaling by the administration. Now that an end to the Iran-Iraq war has become a real prospect rather than a rhetorical device, policy makers are returning to an ambivalence that has afflicted them for two decades on stationing U.S. forces in the Gulf and the Arabian peninsula. Like the mythical saint saying his prayers about chastity, they are sure they want a modest naval presence but not sure they want it just yet.

A consensus does not exist even in the Pentagon. Many in the navy would prefer to keep on the high seas the ships that are now bottled up in the Gulf; those ships are performing what the former Navy Secretary James Webb calls the brown-water missions that friendly Gulf states like Saudi Arabia should be able to perform themselves. Others think that the Pentagon should keep the big foot it has in the door to expand the American military presence in the Gulf.

Since the British ended their presence east of Suez in 1967 and left an imperial vacuum in the Gulf, the United States has vacillated about its willingness and ability to fill that void. The Nixon doctrine's thesis that massive U.S. arms sales would enable Iran to police the region and protect U.S. interests gave way to the Carter doctrine, which designed a Rapid Deployment Force to seize ports in Iran and advance inland to fight Soviet invaders in the Zagros Mountains.

The withdrawal of the Red Army from Afghanistan makes that strategy less topical. The end of the Iran-Iraq war will similarly erase existing justifications for the rapid buildup in the U.S. fleet during the past year.

It is time to resolve the ambiguities and confusion surrounding U.S. policy in the Gulf. Decisions on how fast and how far to cut the U.S. naval force should be made in conjunction with an attempt to develop a politically sustainable security policy that includes a sensible arms sales program for friendly Arab states. The fleet reductions should be made step by step, to give the United States maximum leverage in moving Baghdad and Tehran toward a durable peace. An orderly, phased reduction would reassure the Saudis and other nervous Gulf states.

The vice president was pointing in the right direction in his UN statements even if it is being subtly scuttled by other spokesmen. The United States should be aiming for a modest increase in its traditional presence, not the dramatic increase that some will be seeking. The force there now is an elephant in a bathtub. As Mr. Webb wrote last week in The Wall Street Journal, it has been used in an unforced, open-ended commitment in the Gulf. As soon as a durable cease-fire is in place, it will be time to begin slowly moving the elephant to new quarters.

The Washington Post.

100, 75 AND 50 YEARS AGO

1888: Yorkshire Flood

LONDON — One of the most disastrous floods ever known in Yorkshire swept down Sverre Dale and Arkenburgh Dale last night (July 26). Several bridges were completely washed away, and, although no lives were lost, there were many narrow escapes. In the wild mountainous districts of Arkenburgh Dale, thousands of pounds' worth of damage has been done.

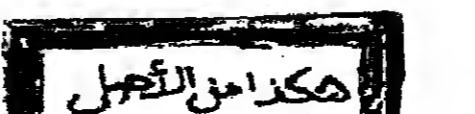
1938: Loreca's Murder

HENDAYE — The circumstances of the "execution" shortly after the beginning of the Spanish civil war of Federico Garcia Loreca, one of the most talented poets of modern Spain, was revealed yesterday (July 26) by a group of young Andalusian Philologists. The poet belonged to no political party and had no decided political views, but he believed that certain Nationalist elements were bound to quarrel among themselves. Friends of the influential men to prevent the revolt from breaking out, but the attempt failed and Garcia Loreca sought refuge in Granada. His hiding place was discovered, and Ruiz Alonso, chief of a violent Right group, considering him a dangerous leftist, had him captured and shot outside the city. Among the papers was found a romance entitled, "Song of a Slain Philologist."

1913: Massacres Detailed

SALONICA — The Parliamentary Committee which has been conducting an inquiry into the Bulgarian atrocities in Macedonia has now drawn up its report, which shows that from the moment the Bulgarians began their attacks on the Greek troops in the vicinity of Salonica, a scheme of wholesale massacre was put into execution. The committee has obtained detailed information of murders committed by the Bulgarian troops at every village from Pargheon to Seres and Drama. The

Whatcher Has Than to Fear... By William... THE BELLE EPOQUE International Herald Tribune... Payment is by credit... Card no. Signature...



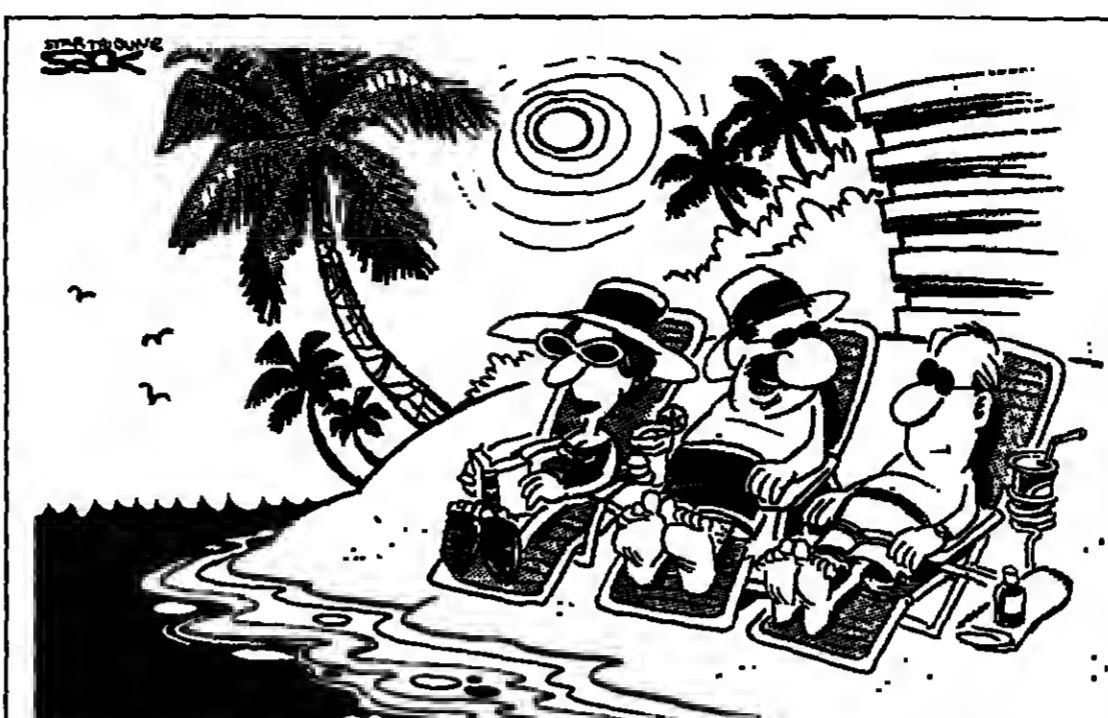
OPINION

Thatcher Has More to Gain Than to Fear From Europe

By William Pfaff

PARIS — Prime Minister Margaret Thatcher has failed to notice the most interesting thing about Europe today. The movement toward European unification is really a series of movements, each running at a different speed, not all of them going to the same place. She thinks otherwise — that a European government is on its way, and that she must block it. Mrs. Thatcher is frightened by the momentum that economic integration has achieved, and fears that political unification is coming at the same pace. Thus Britain's senior European commissioner, Lord Cockfield, principal author of the project to give Europe a fully integrated economy by 1992, has been told that he will not return to Brussels. He had proved much too committed to Europe for the British prime minister. In his place she has named Leon Brittan, a former minister noteworthy for a loyalty to Mrs. Thatcher that she cannot be accused of having reciprocated. Brittan took the rap for questionable political dealings in the Westland helicopter affair two years ago that provoked the noisy resignation of Defense Secretary Michael Heseltine — now one of the more plausible Conservative candidates to succeed Mrs. Thatcher. The prime minister's view of Europe is that the Continent's leaders have come to a point where they are in danger of "going home and saying to [their] parliaments: 'Look, I've taken away all of your rights to do anything about what happens in the country; it's all going to Europe.' Here is a widely shared opinion in Britain. In conservative circles the warning has gone out that while "cosmopolitan" intellectuals may favor supranational government, "ordinary people" think otherwise, and Britain "must wake up to the plans of the Brussels bureaucracy and the visionary outlook of many European politicians, especially in West Germany." (I quote Brian Walden, a Sunday Times columnist.) This identification of the West Germans as the threat is unexpected. It is usually the French. The current controversy was spurred by a comment by the president of the European Commission, Jacques Delors of France, that by the 1992 deadline national parliaments in Europe must give way to the "embryo" of a European government. Mrs. Thatcher and her followers fear diminished national sovereignty. They are right to do so in the economic sphere, but that is what they agreed to when they joined the Community. The leap from that to diminished political sovereignty is less evident than they assume. It did once seem that Europeans wanted a central government, but that was 40 years ago. The idea of a federal union was put forward at a time when European nationalisms were blamed for

two near-suicidal wars, and when the United States was taken as the example of enlightened popular government. What followed, however, was a functional European integration on highly pragmatic terms. The process has gone furthest in the economy. If the single internal market project goes forward as it now is going, by 1992 (or soon after) Western Europe will be the most important single economic and industrial entity in the world, larger than North America. But there has been only limited political integration. The European Parliament is powerless in any but matters directly affecting the Community itself. There have been some common European statements on international issues, but nothing seriously resembling a European foreign policy, nor is that in prospect. The Community does not even concern itself with security matters. That belongs in principle to the Western European Union, a separate organization (of seven countries, out of 12), and in practice to NATO, which is not a "European" organization at all. There is a European Court of Human Rights and a European Court of Justice with power to enforce Community treaties. Both have proved powerful in their domains. There is European television and radio — and will soon be a lot more of it, thanks to satellites. There is a European press — mostly American: The International Herald Tribune is the closest thing there is to a European "national" newspaper. A European passport is in the works, but issued by and bearing the name of each country. Out of all of this the Europe that Mrs. Thatcher fears may eventually come — or it may not. If it does it will be by improvisation and pragmatism, and at a pace and in the ways Europeans want. If Britain doesn't want to belong, it will be free to opt out. One might think of those who would like to opt in. It is fashionable to talk about the economic promise of China or Indonesia. What about the other half of Europe? What if the 140 million people of Eastern and Central Europe were to achieve that union with democratic Western Europe which most of them dearly would want? There is a predominantly young population, well educated, technically and scientifically adept — starved for housing, consumer goods, prosperity. What if their Europe were added to "Europe"? It is not impossible. Given the present evolution of events in the Soviet bloc and the contradictions within it, it is more likely than that monolithic West European unification that Britain fears. Mrs. Thatcher should raise her sights. Europe's possibilities are more interesting than she thinks. International Herald Tribune. © Los Angeles Times Syndicate.



'Yes, we've been regulars since way back in 1988, when the greenhouse effect first kicked in. How about you? This your first trip to Alaska?'

Gabble to Gabble Coverage Of a Game You Don't See

By Herb Block

WASHINGTON — If the networks covered ball games as they did the political convention... Babe Ruth started out as a pitcher. "Well, I didn't know that, Walter. I thought he was always an infielder." "Dan — Peter here — I think Ruth was actually a shortstop." "Thanks, Peter. I stand corrected. Okay, folks, oow we're going to show you the actual field, because here's what we've been waiting for. Big Joe Zlotnik is currently batting. 330 — or is it 230? Lesley can ask him about that when she interviews him as soon as he gets back to the dugout. He's stepping up to the plate now. Let's watch this. Zlotnik lets one go by for a ball. On the next one, he swings and misses. He takes two more balls and then fouls one into the upper deck." "As you can see, folks, it's down to the three-and-two count and here comes the pitch. Wait — we're switching you now to the bleachers, where something seems to be going on and Diane is right there on the spot. Can you tell us what's going on there in the bleachers, Diane?" "Dan, there's quite an argument here. We have some fans of opposing teams sitting right next to each other and one of them has spilled some beer on a fan of the other team. As clearly as I can tell, Dan, it was not intentional, but it's hard to say. It's a close call." "All right, Diane, let's see if we can get a comment from George Will. He knows quite a bit about baseball, although I'm not sure what he knows about beer and bleachers. George? We don't seem to have contact with him... Well, we'll switch back to the booth now because this game seems to have come to a temporary halt. The managers of one of the teams kicked dirt on the umpire and then the umpire started kicking it back, and oow the players on both teams are coming out of the dugouts carrying baseball bats in their hands. We'll get back to the field when the game resumes and we think the next big play will take place. "David, do you think the players will be able to get together and root for their league in the All-Star Game?" "I think they could. But not necessarily, I'd say they probably can — if they want to. But there's no rule anywhere that says they have to." "Just a minute, David. I think Sam has got bold of a former umpire who might give us a little background on dirt-kicking and maybe give us an impartial umpire's opinion of which side will win this game and what he thinks the final score will be — Sam? ..."

MEANWHILE ninth. Or, as Yogi Berra said, 'It's not over till it's over.' "I thought that was till the fat lady sings, Peter." "Well, Dan, that's another way of putting it, although I don't think Yogi is an opera fan. Let's ask Tom here. He's been to baseball games and opera. Can you hear me, Tom? The crowd seems to be making a lot of noise about something and I'm not sure if you could hear us talking." "I hear you, Peter, and I think you're both right. Incidentally, Yogi is doing movie reviews now. To get back to those early innings, what you generally get is the singing of the national anthem and things like that, but I don't think they usually have a fat lady singing it." "I think they generally try to get some celebrity, isn't that right, John?" "They sometimes do, Dan, although the high-profile celebrities can't always reach those high notes." "A good point, John, and well taken. Now let's switch to our reporter in the grandstand and see if she's spotted any celebrities. Can you hear me, Connie?" "Yes, but barely. The crowd is standing up now and everybody's shouting and it's very hard to spot celebrities. But I have a fan here who seems to be really caught up in the game. He just dropped a hot dog with lots of mustard on it and I had to step aside pretty fast. Excuse me, sir, what do you think of the game?" Fan: "Christmashy wouldja look at what that guy did!" "He certainly does seem excited. Back to you, Dan." "Well, let's have a look at that field and see what all the excitement is about. There goes the pitcher — wait a minute — he's not leaving the game; he's crossing home plate. Bill, do you think you can interview somebody in the stand who can fill us in briefly on this?" "It's the pitcher, Dan. He hit a home run over the center field wall with two men on. Back to you in the booth." "I think that's a little unusual for a pitcher to hit a home run with two men on. Have you ever seen that, Walter?" "Well now, I've seen some pitchers put the wood to it, but you seldom see them blast one like that. But you know,

LETTERS TO THE EDITOR

It's Time to Make Better Use of the United Nations

Flora Lewis's column "The United Nations Has a Future" (July 7) deserves attention. Surely a change of Soviet attitude can preface a more realistic role for an organization for which the idealists of the 1940s had great hopes. The United Nations has served many useful purposes, despite the circumstances under which it works and the constant nay-saying from certain circles. Its specialized agencies, such as the World Health Organization and the International Labor Organization, while suffering from large bureaucracies and occasional irrelevant politicking, provide valuable services and research. There are also the many UN peace-keeping forces, which have mostly had the desired effect of cooling off tense situations — and more effectively than they have been given credit for. And there are the individual missions under the secretary-general, such as the recent efforts on Afghanistan. Flora Lewis's argument that the next U.S. president should consider a more positive attitude toward the United Nations is most timely. The United States should not fail at least to try to give the United Nations the strength it needs to help solve international problems. The United Nations cannot do it alone, but members would be missing a bet if they did not try to put it to better use. GILBERT H. SHEINBAUM, Colombo.

Fair Play for the Freebies

Regarding an editorial cartoon by Olliphant (July 2), depicting a Russian fearful of the consequences of Mikhail Gorbachev's economic policies: For decades the United States has bashed the Soviet Union as an oppressor of people — especially its own. So it is continuing to read of laws that there is a social crisis in the Soviet Union over persuading its citizens to relinquish their guaranteed jobs and other freebies. One also wonders why you are not as loud in your coverage of 5 million Americans living in the streets, of 30 million Americans living in poverty, of sick and elderly Americans unable to obtain care, as you have been of an "Evil Empire" which seems, however inadequately, to have tried to provide for its people. M. J. DUNBAR, Baarn, The Netherlands.

Applause for Mennhin

Much praise for Yehudi Mennhin's "For a Federated State in the Holy Land" (Opinion, July 4). We haven't seen such a lucid appraisal in the international press for many years. One can only lament that the lucidity, political wit, historic vision and generosity so wonderfully present in the words of the virtuoso are so sadly lacking in the Knesset. The concept of Judaism that our parents tried to convey to us is present in Mr. Mennhin's ideas. MAURO LANDO, Rio de Janeiro.

The West Is Out-Advertised

Western society has become accustomed to the bombardment of sterile Stalinist propaganda. The vacuum of ideas on the other side left us the masters of evolution in political thinking, for the last two decades at least.

THE BELLE EPOQUE IN THE PARIS HERALD by Hebe Dorsey. Eye-witness accounts of a shimmering era and its beautiful people — dazzling scandals — and crazy crazes — including the horseless carriage and flying machine! Long-time Trib fashion editor, Hebe Dorsey went into the archives of the old Paris Herald (original name of today's Trib) and collected the great news stories of the turn of the century — along with glorious, gossipy tid-bits, records of fabulous galas, stunning fashions, gentlemen's duels and "crazy inventions." With hundreds of excerpts of articles, delightful vignettes and 147 illustrations, this book is a vivid evocation of a period no one imagined would ever end. A great gift idea. Hardcover, 224 pages, 29 x 24.5 cm. (11 1/2 x 9 3/4 in.) 147 illustrations, 16 in color. Herald Tribune.

STC PLC 1988 Interim Results. Our results for the first half of 1988 show record levels of both Turnover & Profit. I am confident of a material growth in profit in 1988 and that the business will continue to make steady progress. LORD KEITH OF CASTLEACRE, Chairman. Profit before tax up 30%, Earnings per share up 29%, Dividend up 33%. Table with financial data for 6 months to 3rd July 1988, 6 months to 28th June 1987, and 12 months to 31st Dec 1987. Turnover: 1,109.0, 983.6, 2,066.6; Profit before taxation: 100.2, 77.2, 188.0; Earnings per share: 11.6p, 9.0p, 22.5p; Dividend per share: 3.0p, 2.25p, 7.0p.

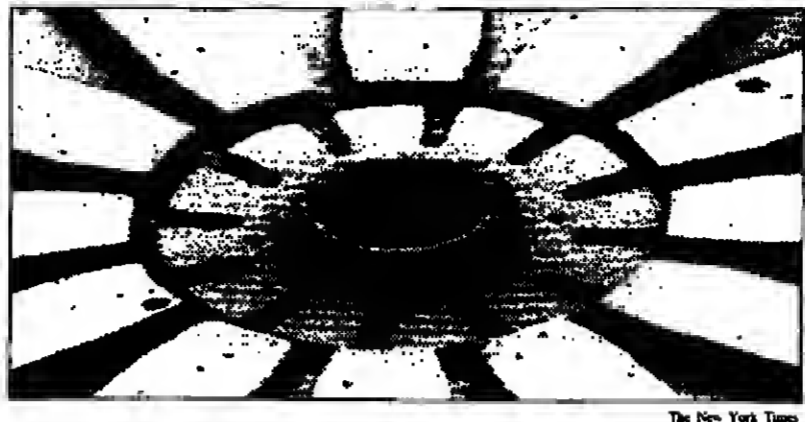
An Elephant On Duty in A Bathroom By Jim Hongland. PARIS — On July 16 the... 1938: Lorea's Murk.

SCIENCE

Micromachines: Small as a Hair

By Andrew Pollack
BERKELEY, California — Researchers at the University of California have made an electric motor no wider than a human hair.

list many applications that seem feasible. Tiny scissors and even buzz saws could be used for delicate microsurgery, such as cutting scar tissue away from the retina.



The rotor of a hair's-breadth motor, seen through an electron microscope.

George Hazelrigg, an official of the National Science Foundation who oversees research in micromechanics, said: "We would expect to be able to make motors for a tenth of a cent apiece, maybe less."

Editor Has No Regrets About 'Fanciful' Report

John Maddox, editor of the British journal Nature, says emphatically that he is not sorry he published the assertion by a French laboratory that water, no matter how diluted, seems to "remember" medicinal properties it once had.

exclusion of measurements in conflict with the claim. The investigators' report appears in this week's issue of Nature. In the same issue, the chief writer of the original report, Dr. Jacques Benveniste of the University of Paris, defends his study and responds sharply to the criticisms.

Benveniste's results are being widely interpreted as support for homeopathic medicine. In the light of our investigation, we believe that such use amounts to misuse.

Medical Initiative Results in a 'Miracle'

By Lawrence K. Altman
THE resuscitation of a 2 1/2-year-old girl who was submerged in an icy creek for more than an hour is one of those rare cases that even the staid Journal of the American Medical Association described as "miraculous."

for experts, as Dr. James P. Orlovski of the Cleveland Clinic said in the journal's editorial, is that the survival of victims of ice water submersion "defy our accepted limits for recovery from lack of oxygen."

one had ever recovered with their brain intact. If it had been much longer, he said he would have stopped.

gen for 12 to 14 minutes, it almost always results in brain damage or death. Michelle, the doctors reasoned, must have quickly become profoundly hypothermic, thus staving

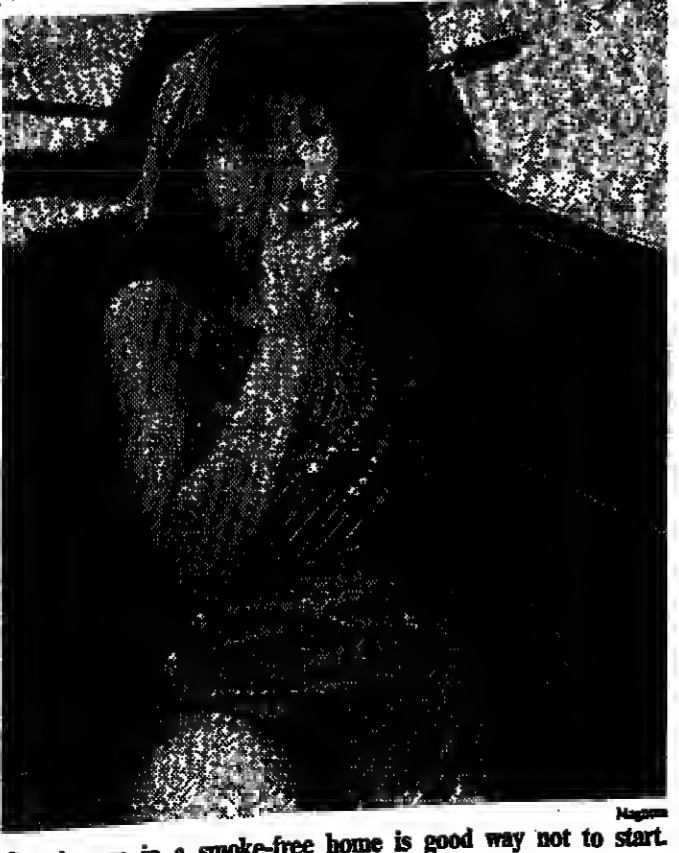
off significant brain damage. But her case is no guarantee that others, too, would have a miraculous recovery, since the factors that determine a favorable outcome in hypothermia are still not known.

To Stub Out Teen-Age Smoking, Parents Play the Major Role

By Sharon Johnson
ELIZABETH SCHMIDT, a 16-year-old from Huntington, New York, recently quit smoking with the help of her parents.

smoking, health experts now pay more attention to the influence of parents. "Parents used to be overlooked because health experts assumed that peer pressure determined everything," said Dr. Michael Erikson, director of the behavioral research program of the M.D. Anderson Cancer Center at the University of Texas at Houston.

"Growing up in a smoke-free home for 14 years has more impact than one or two lectures as a high school freshman on how smoking harms the lungs," she said.



Growing up in a smoke-free home is good way not to start.

INTERNATIONAL POSITIONS

RADIO FREE EUROPE RADIO LIBERTY
American Radio Station in Munich seeks bilingual

Newswriter

The essential requirement for the position is complete fluency in English and Turkish. The ideal candidate would have both university-level training and professional experience as a journalist, as well as a sound knowledge of the historical, political, and cultural context of current international affairs.

A major international company requires a FINANCIAL DIRECTOR

for its operations in the South of France. The ideal candidate will be a qualified accountant with excellent French and English, with considerable experience of French accounting procedures, preferably within a multi-national corporation.

International Fund for Agricultural Development, IFAD (United Nations) Rome (Italy) seeks:

DIRECTOR, MONITORING AND EVALUATION DIVISION

RESPONSIBILITIES: Advise on the monitoring arrangements during project identification; provide technical backstopping to the Project Management Department; provide technical backstopping on the design and conduct of baseline surveys in project preparation and implementation; assist in the development of effective methodologies for the monitoring and evaluation of project effect; advise on situations where the use of technical assistance grants will serve; conduct mid-term completion and ex-post evaluation; promote the strengthening of national capacities on monitoring and evaluation at national and regional levels.

THE BEST OF TASTE: MIX A BEEFEATER NEGRONI. Take one part of Beefeater Gin, one part Campari, one part sweet Vermouth, and mix them over ice in a tall glass. Add a slice of orange, just a touch of soda and serve with a stirrer. Cheers! For a recipe leaflet which further demonstrates the excellence and versatility of Beefeater Gin why not write to: James Burrough, Beefeater House, Montford Place, Kennington Lane, London SE11 5DF, England.

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Candidates should be U.S. citizens with prior military service in related fields, and should preferably be based here now. Previous business experience in sales and marketing is essential. Retired military personnel must be eligible based on criteria of the Defense Authorization Act, through proper documentation clearance by DOD. We offer good income and career opportunities, commensurate with qualifications, experience and performance. Equal opportunity employer. Please send your resume with complete curriculum vitae and references to: 3M U.S. Government Services Europe P.O. Box 100422 Carl-Schurz-Strasse 1 D-4040 Neuss 1, West-Germany Attn. Mr. G.Olf, Human Resources Manager

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We are seeking an outstanding individual to lead and grow a major pharmaceuticals and consumer products company with revenues in excess of U.S. \$70 million which is located in Northern Europe. The VP/Managing Director will hold complete profit and loss accountability and manage the entire organization by means of his well-developed leadership skills. This person will be responsible for maintaining existing product lines and developing and managing new product lines while adhering to each country's regulatory affairs. The successful candidate must have a degree in business or the sciences and 8-15 years of line management experience in an international division of a pharmaceuticals or consumer products company, current P&L responsibility and demonstrated expertise in sales and marketing. Fluency in German and English is mandatory. Please send a comprehensive resume, present compensation and requirements to: Box 5008, International Herald Tribune, 850 Third Ave., 10th floor, New York, N.Y. 10022, USA.

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NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, Declined, Unchanged, Advanced, New Issues, New Highs, New Lows.

NYSE Index table with columns: High, Low, Close, Chg.

Wednesday's NYSE Closing Via The Associated Press logo

AMEX Diary table with columns: Com., Prev.

NASDAQ Index table with columns: Composite Industrials, Unchanged, Total Issues.

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Close, Chg.

NYSE Diary table with columns: Class, Prev.

Odd-Lot Trading In N.Y. table with columns: Buy, Sales, % of 100

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Close, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Weaker in Slow Trading

NEW YORK — Prices closed sharply lower in slow trading on the New York Stock Exchange on Wednesday...

Mr. Peroni said the Dow would probably have to come back to around 2,000, a decisive and fortified bottom...

NYSE Most Actives table (continued) with columns: Vol., High, Low, Last, Chg.

NASDAQ Index table (continued) with columns: Composite Industrials, Unchanged, Total Issues.

AMEX Most Actives table (continued) with columns: Vol., High, Low, Last, Chg.

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NASDAQ Index table (continued) with columns: Composite Industrials, Unchanged, Total Issues.

AMEX Most Actives table (continued) with columns: Vol., High, Low, Last, Chg.

Robot submersibles advertisement for AMETEK, featuring a submersible robot and text about underwater work.

Vertical advertisement for 'FROM BULLET TRAIN' and 'Work as Well as' with a logo.

AN ARTICLE in the current Applied Psychology, Dr. Bar... in a study of 100 managers...

Current Rates table with columns: Item, Rate, %.

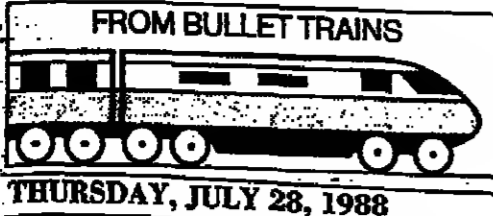
Forward Rates table with columns: Item, Rate, %.

Interest Rates table with columns: Item, Rate, %.

Key Money Rates table with columns: Item, Rate, %.

(Continued on next left-hand page)

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THURSDAY, JULY 28, 1988

INTERNATIONAL MANAGER

Inept Criticism Can Harm Work as Well as Morale

By DANIEL GOLEMAN, New York Times Service

NEW YORK — Of all the touchy moments on the job, an exchange of criticism ranks high on the list. Most everyone dislikes being criticized and many people are reluctant to offer it, especially to colleagues. For good reason, as it turns out.

New research shows that few things cause more conflict in organizations than harsh criticism. Findings indicate that such criticism undermines the working relationship of those involved, making it increasingly less likely that they will be able to collaborate well or even compromise in a conflict.

Moreover, the findings reveal that just a single inept criticism can have a devastating effect, not only on a worker's morale, but also on the employee's ability to do the job well.

Managers have long known — or at least have been told — that the art of criticism is one they must master, along with the art of giving praise. The needs of a well-functioning organization demand that people be told clearly how they are doing, both to improve deficiencies and make them aware that good work is valued.

"It's essential to good management to let people know when they are doing well and when they are not," said Dr. Robert Baron, a psychologist at Rensselaer Polytechnic University in Troy, New York.

Few managers criticize well, the researchers said. While earlier research had shown the obvious — that inept criticism in the workplace upset those who received it and led them to dislike those who gave it — recent studies are focusing on less obvious consequences for organizational life.

The new work suggests that harsh criticism leaves in its wake an increased likelihood of future conflicts and that it directly impairs the ability of people to do the work for which they have been criticized.

IN AN ARTICLE in the current issue of the Journal of Applied Psychology, Dr. Baron reported on a series of experiments that document the psychological aftermath of destructive criticism.

In a study of 108 managers and white-collar workers, for example, Dr. Baron found that the poor use of criticism was among the five most mentioned causes of conflict at work, ahead of such items as mistrust, conflicting personalities and disputes over power and pay.

Another experiment conducted by Dr. Baron showed how destructive to working relationships poorly handled criticism can be. In the study, volunteers took part in a simulation in which one person was asked to come up with an advertising campaign for a shampoo. Another apparent volunteer, who was actually an accomplice of Dr. Baron, supposedly evaluated the ideas.

The volunteers received one of two critiques. In one the remarks were considerate and specific. But in the other the criticism was inconsiderate in tone, included threats and blamed the person's innate deficiencies for the problem. It included remarks like, "Didn't even try," "Can't seem to do anything right," "Maybe it's just lack of talent" and "I'll try to get someone else to do it."

Understandably, those who received the harsher criticism felt tense and angry on hearing it. Of more significance for working relationships, though, was that those who received the harsh critiques said they would be unlikely to want to collaborate or cooperate in the future with the person who gave the criticism.

See CRITICISM, Page 11

Henley Selling Stakes

\$1.2 Billion for Transport Interests

Compiled by Our Staff From Dispatches
LA JOLLA, California — Henley Group Inc., which mounted an unsuccessful hostile bid for Santa Fe Southern Pacific Corp. during the winter, said Wednesday it would sell its 16.9 percent stake in the company and other assets to Irel Corp. for \$1.2 billion in cash and stock.

Henley said the sale, which requires government approval, would also include a 9.6 percent stake in American President Lines Cos., 13.2 percent of Oak Industries Inc. and all of its Signal Capital Corp. and Equiquest Corp. units for \$1.2 billion in cash and stock.

Aside from \$827 million in cash, Irel is to give Henley 18.7 million of its shares, which represents a 40 percent stake in the transportation and equipment leasing company.

In over-the-counter trading on Wednesday, Henley rose \$1.30 a share to \$24.75, while Irel gained 25 cents to \$19.875.

The San Francisco-based Irel emerged from bankruptcy protection in 1983, after filing a Chapter 11 petition in 1981. Its filing followed its withdrawal from computer leasing and sales in 1979.

Irel said Henley would be subject to a 10-year standstill agreement in respect to its stake in the company. Irel also said an affiliate of its chairman, Samuel Zell, and a director, Robert Lurie, agreed to buy warrants to maintain their current 20 percent equity in the company.

Henley also said it is proceeding with its restructuring into two companies: Henley Group Inc. and Wheelabrator Group Inc. Wheelabrator is to own Henley's approximately 83 percent interest in Wheelabrator Technologies Inc. and other assets related to the refuse-to-energy business.

Henley said it intends to distribute a substantial portion of its interest in the new Henley Group to its current shareholders.

Following the transaction, Henley said its assets would consist largely of cash, equity in public companies and its wholly owned real estate subsidiaries.

Henley said Wheelabrator shareholders would meet Aug. 12 to vote on a proposal to combine the unit with the waste-to-energy operations of Waste Management Inc. (AP, Reuters)

Japan Retail System Called Barrier

Complex Rules Curb Imports, Executive Says

By Fred Hiatt, Washington Post

TOKYO — A Japanese business leader said Wednesday that his nation's labyrinthine network of retail stores and wholesale businesses remains a major impediment to imports and a contributor to Japan's extremely high cost of living.

Isao Nakachi, chairman of the public relations committee of Keidanren, the preeminent Japanese business organization, said "excessive consumption" in the United States is partly to blame for the huge trade imbalance between the two countries.

But Mr. Nakachi, who also heads one of the biggest Japanese retail chains, also blamed excessive regulation by his country for the problem, in contrast to some recent statements in Tokyo that Japan has done enough to reduce the deficit.

"I'm of the view that various regulations implemented by the government of Japan stand in the way of reducing the cost of living," he said during an appearance at the Foreign Correspondents' Club of Japan. "We should realize a truly open market in Japan."

As an example, Mr. Nakachi said that his company often must wait five to seven years to open a new store in his retail chain. During that time, the company must file 73 applications for 26 permits under a dozen laws.

If local mom-and-pop shopkeepers raise enough objections, the government simply refuses to process the application, according to a recent statement from Keidanren.

These "politically motivated adjustments" impede foreign businesses and domestic chains, such as Daiso, that are best positioned to bring imported goods to consumers, he said.

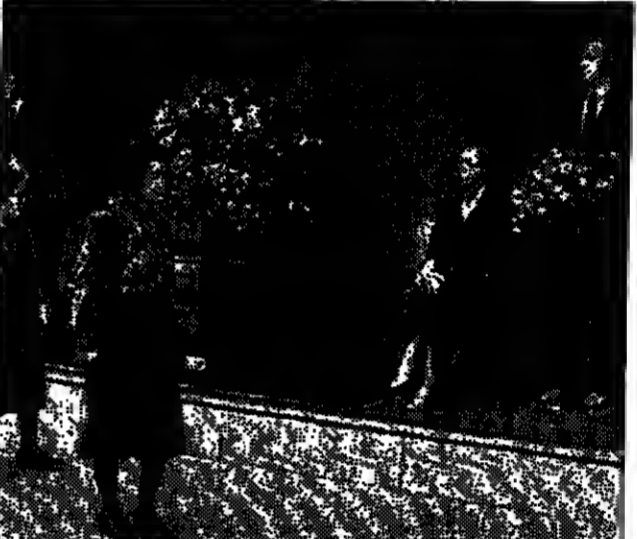
"These regulations, of course, undermine consumer interests," Takuji Matsuzawa, another top Keidanren official and counselor to Fuji Bank Ltd., said recently. "They also stand in the way of efforts by large stores to expand imports."

Foreign companies have long complained that the complex distribution system and intrusive regulations make it difficult for them to penetrate the Japanese market. Recently, however, some Japanese newspapers and political leaders have said that Japan, by expanding its domestic economy, has done more than its share to reduce the trade deficit and that the onus is now on the United States and its large fiscal deficit.

Mr. Nakachi agreed that "we in Japan have been doing our part." See RETAIL, Page 11



A small fabric shop among the office towers in Tokyo, above, contrasts with the Hankyu department store's display window.



The Associated Press

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Mr. Nakachi agreed that "we in Japan have been doing our part." See RETAIL, Page 11

Ford Profit Sets Industry Record In 2d Quarter

Reuters

DEARBORN, Michigan — Ford Motor Co., for the second period in a row, Wednesday posted the best quarterly earnings in auto industry history in the second quarter of 1988, boosted by the performance of its international, and especially European, operations.

For the quarter, Ford reported earnings of \$1.66 billion, or \$3.43 a share, up 11 percent from \$1.5 billion, or \$2.90 a share, in the same 1987 quarter. This met the high end of analysts' estimates.

Revenue for the quarter was \$22.39 billion, up 14.8 percent from \$19.5 billion in the same 1987 quarter, the company said.

However, net income from the United States fell to \$903 million, down \$79 million from the previous year. Ford said higher incentive, material and labor costs contributed to the decline.

The company's performance in the second quarter topped the previous record for the industry in any single quarter, which Ford set in the first quarter, when it earned \$1.62 billion, or \$2.34 per share.

Ford said that it earned a record \$760 million outside the United States in the second quarter, up from \$516 million in the same period last year. Its largest gain came in Europe, where improved operating margins, strong industry volumes and changes in currency values contributed to higher profits, the company said.

Tom Foote, a spokesman for Ford, said that the automaker was profitable on its Autolima venture in Brazil and Venezuela with Volkswagen AG, but declined to give details.

Ford said that the cost of developing and introducing new products contributed to its decline in North American earnings.

During the quarter, Ford introduced the Ford Probe, built for it by its partner Mazda Motor Co. of Japan in Flat Rock, Michigan.

The company said that its financial services group, including its Ford Motor Credit Co. subsidiary and First Nationwide Bank Corp., contributed 45 cents per share to its second-quarter earnings, down slightly from a year ago.

In a statement, the Ford chairman, Donald Petersen, and vice chairman, Harold Poling, said the automaker's geographic diversity, as well as its many product and business lines, provided a broad base for its earnings.

During the quarter, Ford gained 1.4 market share points, to increase its share of the U.S. auto market to 22 percent. Its share of the U.S. truck market was 29.1 percent.

Combined sales of cars and trucks in the United States and Canada were 1.81 million in the second quarter, compared with 1.08 million in the same period a year ago.

First-half sales of cars and trucks in North America were 2.30 million units, up from the 2.18 million sold in the first half of 1987.

Overseas, Ford posted a slight decline in sales of cars and trucks in the quarter, to 586,220 units from 587,832 last year.

The company's gains in West Germany, Britain, Spain and Japan were offset by lower volume in Australia, Brazil and Argentina.

Nomura Buys Wasserstein, Perella Stake

United Press International

NEW YORK — Nomura Securities Inc., the world's largest securities firm, said Wednesday it has acquired a 20 percent stake in Wasserstein, Perella & Co., the fast-growing new mergers and acquisitions specialist firm, for \$100 million.

Wasserstein, Perella was formed less than six months ago by Bruce Wasserstein and Joseph R. Perella, who quit First Boston Corp. after becoming two of the top U.S. merger and acquisition specialists.

The new alliance calls for Nomura and Wasserstein, Perella to work together on mergers and acquisitions involving Japanese and U.S. companies and Japanese and European companies.

Nomura will buy \$100 million. See NOMURA, Page 13

British Current Account Gap Exceeds Projections

By Warren Getler, International Herald Tribune

LONDON — Britain reported Wednesday an unexpectedly large current account deficit for June, convincing currency markets that high interest rates would be maintained and perhaps raised further next month in an effort to curb imports and cap inflation.

The government reported a slight narrowing of the current account deficit, to £1.02 billion (\$1.74 billion) from May's £1.14 billion, the latter figure having been revised from £1.2 billion. But the latest shortfall in Britain's broadest measure of trade was well above market expectations of about £800 million.

For the first six months of the year, the deficit in current account countries dependent on exports such as cocoa and coffee, where supplies outstrip demand, should start diversifying into more profitable sectors rather than count on an EC aid.

The EC said in a statement that it had decided to pay out 375.4 million European Currency Units (\$425.5 million) under its STABEX system, which compensates countries hit by tumbling commodity prices.

The money, which covers lost export earnings for 1987, will go to 29 countries in a 66-nation group of African, Caribbean and Pacific countries. In the previous year, the EC paid out a total of 279 million ECUs.

However, Lorenzo Natali, the EC development commissioner, said STABEX was expected to come under increasing strain this year with little sign of an improvement in commodity prices.

Developing countries would have to reconsider their policies in the face of the "worrying perspective of growing overproduction," he said.

"Obviously it's not going to help matters to have a current account deficit rolling along at £1 billion a month," he said. "But these figures alone don't put immediate pressure on the government to raise UK base rates."

"We're going to see higher base rates — perhaps as high as 12 percent by the end of September — because we see inflation on a steadily rising trend, reflecting excessive credit demand over the past two years and a growing capacity squeeze on industry," he added.

On Tuesday, the Confederation of British Industry's latest quarterly Industrial Trends Survey showed that capacity utilization was at its highest level since the CBI began keeping records in 1958.

Eighty-two percent of the survey's respondents said they believed that they had sufficient capacity to meet demand, down from 93 percent in January.

Mr. Warburton said that inflation could accelerate from current levels of about 4.6 percent to 7 or 8 percent "sometime next year."

To dampen inflationary pressures and undermine the demand for credit that has tended to suck in large amounts of consumer-goods imports, the government has prompted six half-point increases in British clearing bank base rates, to the current 10.5 percent level.

See BRITAIN, Page 13

France's Trade Deficit Narrows

Agence France-Press

PARIS — The French trade deficit narrowed in June to 900 million francs (\$144 million) from 1.4 billion francs in May, on a seasonally adjusted basis, the External Trade Ministry announced Wednesday.

In nonadjusted figures, the trade balance showed a deficit of 600 million francs in June, the ministry said.

Exports rose 1.3 percent over May, to \$3.6 billion francs, while imports edged up 0.5 percent to \$3.4 billion francs.

The balance of trade in industrial goods continued to run deeply in the red, with a deficit of 2.1 billion francs following May's 2.8 billion.

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Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Amsterdam, Frankfurt, London, Milan, New York, Zurich, etc.

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Interest Rates

Table with columns for Rate, Bid, Ask, and other rates. Includes entries for 1 month, 3 months, 6 months, 1 year, etc.

Key Money Rates July 27

Table with columns for Rate, Bid, Ask, and other rates. Includes entries for 1 month, 3 months, 6 months, 1 year, etc.

Asian Dollar Deposits July 27

Table with columns for Rate, Bid, Ask, and other rates. Includes entries for 1 month, 3 months, 6 months, 1 year, etc.

U.S. Money Market Funds July 27

Table with columns for Fund Name, Bid, Ask, and other rates. Includes entries for Merrill Lynch, etc.

Gold July 27

Table with columns for Rate, Bid, Ask, and other rates. Includes entries for 1000 grams, etc.

EC Agrees to Record Aid Payments

Reuters

BRUSSELS — The European Community said Wednesday that it would pay out a record amount in aid to compensate Third World countries whose exports have been hit by falling commodity prices.

But it also strongly hinted that countries dependent on exports such as cocoa and coffee, where supplies outstrip demand, should start diversifying into more profitable sectors rather than count on an EC aid.

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See BRITAIN, Page 13

See NOMURA, Page 13

HARRY WINSTON Rare Jewels of the World. present their latest creations as well as a selection of their rarest stones. CARLTON INTER-CONTINENTAL Cannes. July 29th to July 31st, 1988. New York Genève Paris Monte-Carlo Beverly Hills

Republic National Bank of New York. A subsidiary of REPUBLIC NEW YORK CORPORATION. Consolidated Statements of Condition (In Thousands). Assets, Liabilities and Stockholder's Equity. Summary of Results (In Thousands Except Per Share Data).

Wednesdays NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect local trades elsewhere.

Table with columns: 11 Month High, 11 Month Low, Div. Yld. PE, 52 High, 52 Low, Open, Close, Chg. Lists various stocks and their performance.

U.S. Futures

Via The Associated Press July 27

Table for Grains: WHEAT (CBT), CORN (CBT), SOYBEANS (CBT), SOYBEAN OIL (CBT). Columns: 5,000 bu. contract, High, Low, Open, Close, Chg.

Table for Feed: COFFEE (NYC), SUGAR (NYC), COCOA (NYC). Columns: 100 lbs. contract, High, Low, Open, Close, Chg.

Table for Metals: COPPER (COMEX), ALUMINUM (COMEX), ZINC (COMEX). Columns: 25,000 lbs. contract, High, Low, Open, Close, Chg.

Table for Livestock: CATTLE (CME), PIGS (CME). Columns: 100 head, High, Low, Open, Close, Chg.

Table for Currency Options: PHILADELPHIA EXCHANGE, LONDON EXCHANGE, TOKYO EXCHANGE. Columns: Contract, High, Low, Open, Close, Chg.

Table for NYSE High-Lows: Lists various stocks with their 52-week high and low prices.

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Via The Associated Press July 27

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Table for Feed: COFFEE (NYC), SUGAR (NYC), COCOA (NYC). Columns: 100 lbs. contract, High, Low, Open, Close, Chg.

Table for Metals: COPPER (COMEX), ALUMINUM (COMEX), ZINC (COMEX). Columns: 25,000 lbs. contract, High, Low, Open, Close, Chg.

Table for Livestock: CATTLE (CME), PIGS (CME). Columns: 100 head, High, Low, Open, Close, Chg.

Table for Currency Options: PHILADELPHIA EXCHANGE, LONDON EXCHANGE, TOKYO EXCHANGE. Columns: Contract, High, Low, Open, Close, Chg.

Table for NYSE High-Lows: Lists various stocks with their 52-week high and low prices.

U.S. Futures

Via The Associated Press July 27

Table for Grains: WHEAT (CBT), CORN (CBT), SOYBEANS (CBT), SOYBEAN OIL (CBT). Columns: 5,000 bu. contract, High, Low, Open, Close, Chg.

Table for Feed: COFFEE (NYC), SUGAR (NYC), COCOA (NYC). Columns: 100 lbs. contract, High, Low, Open, Close, Chg.

Table for Metals: COPPER (COMEX), ALUMINUM (COMEX), ZINC (COMEX). Columns: 25,000 lbs. contract, High, Low, Open, Close, Chg.

Table for Livestock: CATTLE (CME), PIGS (CME). Columns: 100 head, High, Low, Open, Close, Chg.

Table for Currency Options: PHILADELPHIA EXCHANGE, LONDON EXCHANGE, TOKYO EXCHANGE. Columns: Contract, High, Low, Open, Close, Chg.

Table for NYSE High-Lows: Lists various stocks with their 52-week high and low prices.

Table with columns: 11 Month High, 11 Month Low, Div. Yld. PE, 52 High, 52 Low, Open, Close, Chg. Lists various stocks.

Table with columns: 11 Month High, 11 Month Low, Div. Yld. PE, 52 High, 52 Low, Open, Close, Chg. Lists various stocks.

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Table with columns: 11 Month High, 11 Month Low, Div. Yld. PE, 52 High, 52 Low, Open, Close, Chg. Lists various stocks.

Table with columns: 11 Month High, 11 Month Low, Div. Yld. PE, 52 High, 52 Low, Open, Close, Chg. Lists various stocks.

Company Results

Table with columns: Company Name, Year, Revenue, Profit, Per Share. Lists results for various companies like Midland Bank, Amstar, etc.

NYSE High-Lows

Table with columns: Stock Name, High, Low. Lists various stocks and their 52-week high and low prices.

U.S. Treasuries

Table with columns: Maturity, Bid, Offer, Yield, Price. Lists various U.S. Treasury securities.

London Metals

Table with columns: Metal Name, Price. Lists various metals and their prices.

Dividends

Table with columns: Company, Dividend Amount, Date. Lists various companies and their dividend payments.

Spot Commodities

Table with columns: Commodity Name, Price. Lists various spot commodities and their prices.

INTERNATIONAL STOCK MARKETS

IN THE HEAVENS EVERY TUESDAY. A COLUMN ON NON-US STOCK MARKETS. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS - WORLDWIDE

S&P 100 Index Options

Table with columns: Strike Price, Bid, Offer, Yield, Price. Lists S&P 100 index options.

London Metals

Table with columns: Metal Name, Price. Lists various metals and their prices.

Dividends

Table with columns: Company, Dividend Amount, Date. Lists various companies and their dividend payments.

Spot Commodities

Table with columns: Commodity Name, Price. Lists various spot commodities and their prices.

Market Guide

Chicago Board of Trade, International Monetary Market, New York Stock Exchange, etc.

Large U.S. Bank advertisement with text: 'Large U.S. Bank', 'By Sarah Bartlett', 'New York - Quality money', 'The bank said it was looking for a bank to buy', 'The bank said it was looking for a bank to buy', 'The bank said it was looking for a bank to buy'.

Republic Clearing Corporation advertisement with text: 'Republic Clearing Corporation', 'FUTURES & OPTIONS', 'Gold & Silver', '\$25', 'Call us at 212-221-7138'.

BUSINESS ROUNDUP

AM Sells Press Unit to Heidelberg

CHICAGO — AM International Inc. announced Wednesday that it has agreed to sell its Web Press Group to Heidelberg Druckmaschinen AG of West Germany in a cash and debt-assumption deal valued at about \$300 million.

transfer of the debt and payment to Komori of a \$5 million fee under a prior arrangement.

AM, which is a supplier of graphics equipment and information-processing systems, said that the cash proceeds would be used to reduce debt.

Under the transaction, AM is to retain the bindery and forms press operations that are part of Harris Graphics.

AM said that under an agreement with Komori, the Japanese company has the option within 180 days of requiring AM to buy some or all of the 3.87 million shares of AM common stock that Komori currently owns.

AM paid \$363 million for Harris Graphics in June 1986 in a package that included \$246 million in cash and \$117 million in debt, the company said.

The deal with Komori, announced in June, called for the Japanese company, a developer of printing systems, to pay \$181 million in cash and assume Harris Graphics' debt.

It reported net interest income of \$213 million, up 20 percent from \$178 million, and operating income of \$135 million, an increase of 15.4 percent from \$117 million.

The bank's investment-banking arm, Midland Montagu, was helped by the closure of the unprofitable Greenwell Montagu Securities Ltd.

Midland Montagu reported that pretax profit soared to \$63 million from \$2 million.

Midland Bank shares fell 7 pence on the London Stock Exchange on Wednesday, to close at 430 pence.

Other banks quickly followed the lead. The creation of large reserves injected a flexibility into the industry's nagging Third World debt problem. With reserves in place and their large, one-time losses be-

hind them, banks could begin to sell their Third World loans at losses, deduct the shortfalls from their special reserves and not have to worry about harming quarterly earnings.

Still, many banks were slow at first to use their reserves. Some believed it was better to hang on in the hopes of avoiding loan losses or were unwilling to discount their loans enough to interest buyers. Others simply did not have networks in place to sell or swap their loans to third parties.

But then it became apparent that a num-

ber of major banks were looking for the exit door and were being rewarded with higher stock prices. At that point, the movement took off in earnest, and banks became more willing to mark down loans.

Brokers who buy and sell Third World loans from banks said that until recently it was primarily European banks that were active in this market. "Now we're seeing a lot more United States banks selling their loans," said Jay H. Newman, senior vice president of Shearson Lehman Hutton Inc., a leading broker of Third World loans.

These are among the buyers of loans from Shearson and other brokers:

• U.S. and foreign banks, because they think that, at the reduced prices, the loans are reasonable assets.

• Multinational corporations, which sometimes exchange the loans for borrowers' currencies and then invest it in local operations. Among those active in this area are Ford Motor Co., General Motors Corp., Volkswagen AG and Nissan Motor Co.

• Mexico, which has been buying back some of its loans at discounts.

India Considers Airline Sale

NEW DELHI — The Indian government is considering the sale of Air India, which posted a provisional loss of 434 million rupees (\$30.8 million) in its 1987-88 fiscal year, Aviation Minister Shivraj Patel told Parliament on Wednesday.

In the previous fiscal year, Air India earned 300 million rupees.

A tourism committee convened by Prime Minister Rajiv Gandhi has recommended a partial privatization of Air India, in which the government would retain a majority share.

A similar proposal was made for the largely domestic Indian Airlines.

Siemens Unit, Mitsubishi Form Light Bulb Venture

By Ferdinand Protzman International Herald Tribune MUNICH — Osram GmbH, West Germany's leading light bulb manufacturer, is setting up a joint venture with Mitsubishi Electric Corp. of Japan to make and sell light bulbs for the Japanese market, Osram said Wednesday.

Helmut Plettner, Osram's chairman, said he and Moriya Shiki, Mitsubishi Electric's president, had agreed to form a production company and a sales company in Japan.

"To the best of our knowledge, this is the first electrical joint venture to produce in Japan by a German company," Mr. Plettner said.

"They get our products and production technology and Mitsubishi provides the marketing and sales network. After carefully studying the Japanese commercial, wholesale and retail lighting market, we came to the conclusion that we couldn't get the smallest part of it on our own, so we sought a joint venture."

Osram is the world's third-largest light bulb producer, after General Electric Co. of the United States and Philips NV, Mitsubishi is Japan's fourth-largest light bulb producer. Its annual light bulb sales total the equivalent of \$59 million.

The agreement is to take effect on April 1, 1989, and will initially involve producing and selling existing Osram and Mitsubishi products, Mr. Plettner said.

Construction has begun on a light bulb factory 200 kilometers (125 miles) south of Tokyo, which is to begin production in early 1990, he added.

Mitsubishi and Osram will invest a combined 160 million Deutsche marks (\$86.5 million) in the joint venture. Sales are projected at 160 million DM the first year of operation and are expected to rise to 300 million DM within three years. Osram expects the company will make a profit in its first year.

Japan is the second-largest light bulb market in the world, accounting for about 25 percent of the annual worldwide market, Mr. Plettner said. The United States is the leader, with 40 percent of the \$9.1 billion world market.

When it reports sales for the fiscal year that ended June 30, 1988, Osram expects they will be 2.3 billion DM, up from 2.03 billion DM.

Mitsubishi Electric, part of the Mitsubishi industrial group, has annual sales equivalent to \$13.5 billion.

Midland Bank Reports a £313 Million Profit for First Half

LONDON — Midland Bank PLC, Britain's third-biggest bank, reported Wednesday a swing back into profit in the first half of 1988, after last year becoming the first major British commercial bank to show a loss this century.

It posted pretax profit for the first six months of £313 million (\$336.6 million) after a loss of £665 million in the same period of 1987.

Midland lost £505 million for all of 1987.

The bank said it was able to move back into the black because it had to make smaller provisions than in 1987 against doubtful Third World debt and because of a buoyant economy and the closure of an unprofitable securities trading unit.

Provision against loans to borrowers in nations with debt payment problems shrank to £90 million in the first half, against an exceptional item of £916 million in the same 1987 period.

Of the £90 million, £49 million was due primarily to the bank's £700 million exposure to Argentina, Midland said. The rest, it added, was to cover non-receipt of interest from Argentina and, to a lesser extent, Brazil.

The British economy helped profits. The domestic banking sector was the largest contributor, accounting for £237 million against £211 million in the same 1987 period.

The bank said losses at its travel agency business, Thomas Cook Group Ltd., rose to £10 million from £3 million in the comparable period.

The bank said its earnings per share, as adjusted by a recent rights issue of stock, were 32.8 pence for the half.

Other banks quickly followed the lead. The creation of large reserves injected a flexibility into the industry's nagging Third World debt problem. With reserves in place and their large, one-time losses be-

hind them, banks could begin to sell their Third World loans at losses, deduct the shortfalls from their special reserves and not have to worry about harming quarterly earnings.

Still, many banks were slow at first to use their reserves. Some believed it was better to hang on in the hopes of avoiding loan losses or were unwilling to discount their loans enough to interest buyers. Others simply did not have networks in place to sell or swap their loans to third parties.

But then it became apparent that a num-

ber of major banks were looking for the exit door and were being rewarded with higher stock prices. At that point, the movement took off in earnest, and banks became more willing to mark down loans.

Brokers who buy and sell Third World loans from banks said that until recently it was primarily European banks that were active in this market. "Now we're seeing a lot more United States banks selling their loans," said Jay H. Newman, senior vice president of Shearson Lehman Hutton Inc., a leading broker of Third World loans.

These are among the buyers of loans from Shearson and other brokers:

• U.S. and foreign banks, because they think that, at the reduced prices, the loans are reasonable assets.

• Multinational corporations, which sometimes exchange the loans for borrowers' currencies and then invest it in local operations. Among those active in this area are Ford Motor Co., General Motors Corp., Volkswagen AG and Nissan Motor Co.

• Mexico, which has been buying back some of its loans at discounts.

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Republic Clearing Corporation logo and name.

FUTURES & OPTIONS ON FUTURES logo and name.

g logo and address information.

Gordon Capital Corporation

is pleased to announce the opening of a representative office in Paris.

We have appointed the following

Joint Managers: Jean-Yves Le Floch, Jean-Louis Clement

Assistants: Jeanne Le Gouis, Brenda Gaynor

10 rue de la Paix Tel 4927 08 08 75002 Paris, France Fax 4260 59 36

Large U.S. Banks, Facing Takeovers, Slash Troubled Third World Loans

By Sarah Bartlett New York Times Service

NEW YORK — Quietly, major U.S. banks have begun to shed their troubled loans to developing countries.

This trend became apparent in the second quarter. Thirteen of the largest banks sold, swapped or otherwise jettisoned \$2.3 billion of their loans to developing countries, accepting 50 to 85 cents on the dollar.

That reduction was almost twice the figure, \$1.4 billion, for the first quarter. And it was up dramatically from the estimated \$100 million sold from 1987 to 1986.

That might seem like a drop in the bucket, given the \$50 billion or so owed to those banks. But it is significant because the banks are simultaneously shoring up their capital (equity, retained earnings and reserves against loan losses) to protect themselves against these problem loans.

Among the banking companies taking particularly aggressive action were Security Pacific Corp., which reduced its portfolio by \$600 million; Wells Fargo & Co., which sold or swapped \$340 million; and Citicorp, whose portfolio was cut by \$400

million, pushing its total reduction to nearly \$2 billion in the last year.

Analysts said they expected some banks to become even more aggressive in shedding loans. Those that are slow to could

increasingly find themselves at a competitive disadvantage, since banks with risky loans are likely to be punished with low stock prices and high financing costs.

increasingly find themselves at a competitive disadvantage, since banks with risky loans are likely to be punished with low stock prices and high financing costs.

The widespread effort to get out from under the cloud of Third World debt began on May 19, 1987, when Citicorp's chairman, John S. Reed, made the startling announcement that he was setting up a special \$3 billion reserve as a cushion against these troubled loans. Although that created a \$2.6 billion loss for Citicorp,

other banks quickly followed the lead. The creation of large reserves injected a flexibility into the industry's nagging Third World debt problem. With reserves in place and their large, one-time losses be-

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CRITICISM: RETAIL: Japan's Labyrinthine Sales System Assailed

It Can Do Harm (Continued from first finance page)

Many said they would want to avoid contact altogether.

And in a later study, Dr. Baron found that such harsh criticism made those who received it demoralized, so that they did not try as hard at their work and, perhaps even more damaging, said they no longer felt able to do well at it.

On the other hand, the nature of criticism that helps people work better has been studied by other researchers, notably Daniel IJzen, a psychologist at Michigan State University. This work has shown that people respond well to criticisms that are specific, prompt and delivered in a considerate manner.

More frequently than not, however, criticism is vague, long delayed and delivered in a browbeating manner, according to studies by Dr. J.R. Larson, a psychologist at the University of Illinois.

"Some people have as much trouble with praise as with criticism," he said. "Unless it's an outstanding job, they don't say anything."

Keidamen said a host of restrictions raises costs in other areas: No new truck companies can go into business without approval from existing concerns, for example, and new coastal freight ships can be launched only as others are scrapped.

Moreover, big stores face a host of restrictions on what they can sell, what hours they can operate and almost every other facet of operation. Keidamen noted that supermarkets that sell only packaged medicines, for example, nonetheless "must install equipment and procure instruments for medicine testing."

In the past, such restrictions have served a useful function, protecting small grocery stores and neighborhood shops that help keep unemployment low and provide work for older Japanese.

"But we are undergoing an industrial restructuring and we cannot simply continue what we had, without any changes," Mr. Nakauchi said. "We cannot simply provide protection to smaller stores, but must modernize the retail sector."

In general, Mr. Nakauchi said, Japanese people rely too heavily on government. "Whatever problems they encounter, they first take to the government," he said.

Mr. Matsuzawa agreed, saying that government regulations that helped Japan while it was catching up with the West are "now an impediment" and have fostered a "collusive relationship between the government and private sector."

Still, Mr. Nakauchi said the small shops, like Japan's small farmers, remain politically influential. "It takes time," he said. "Patience is the key."

"The bank's undoubted quality is reflected in one of the highest ratings among European banking stocks".

European Financial Commentary N°3 (24 th June) Morgan Stanley's European Banking Research.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Table with 4 columns: US dollars in millions*, 1988, 1987, Increase %. Rows include Income before taxes, Net income, Shareholders' equity, Market capitalization, Customers' deposits, Loans and discounts, Average Total Assets, Return on assets (%).

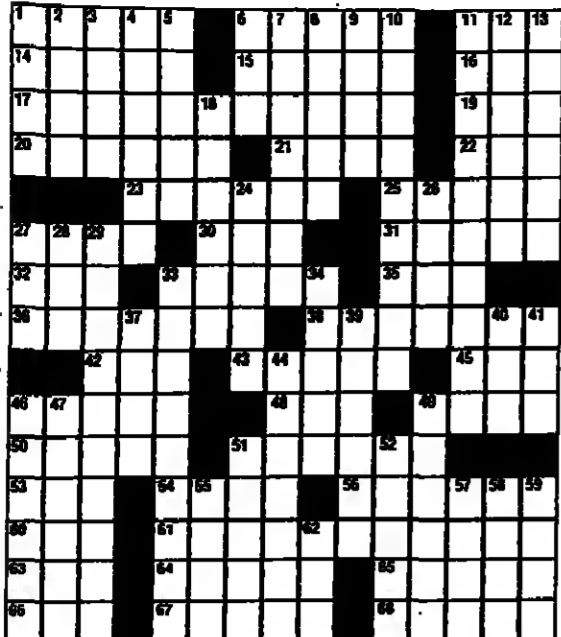
617.679 shareholders 1.617 offices in 24 countries

Conversion rate US \$1 = 121,513 Pesetas



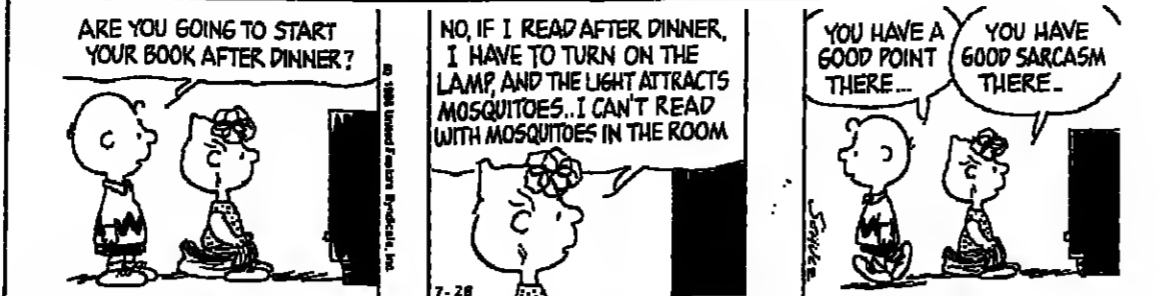
Banco Santander

- List of Banco Santander branches: New York NY 10152, London EC2A 4LB, Banco Santander, Yusen Building, Banco Santander, Tamuning, etc.



ACROSS
1 — he praised!
6 Word with land or sea
11 F.D.R. agency
14 The huntress
15 Actress Maria
16 Cry of triumph
17 "Shoot, if you must, this..."
19 Guidonian note
20 Writing implement
21 Aware of
22 High priest
23 Lend
25 Moslem mendicant monk
27 Conception
30 N.Y. time in
31 May
32 "— buenoi!"
33 Pert
35 Mil. branch
36 "A — man speaking to men!"
Wordsworth
38 Utility must
42 Solid's title
43 — Islands of Denmark
45 Citrus drink
46 Tea fare
48 Geron's river
49 Kind of appeal
50 Attics
51 Maximally
53 Abate
54 African fox
56 Addison's warts
60 Goethe's "The — king"
61 "Her — Coleridge
63 Kind of cross
64 Growing out
65 Turkish decree
66 Compass pt.
67 Hearing, e.g.
68 "— Is Born"
DOWN
1 Fusses
2 Cadence
3 Slipper
4 England, to
5 — scarum
6 Pen
7 Associates
8 "— we all?"
9 Irish fuel
10 "Will the — 1945 song"
11 "Barefoot boy, with —!"
12 — a day

PEANUTS



SPORTS

Henderson Spurs Yankees to Third Straight Victory

NEW YORK — The New York Yankees got off on the right foot again, thanks to Ricky Henderson. Leadoff hitter Henderson scored in the first inning for the sixth straight game Tuesday night and New York went on to beat Milwaukee, 3-2.

"It's my job to make things happen," said Henderson, who walked to start a two-run rally. The walk marked the eighth straight game Henderson has led off by reaching base. He subsequently stole second and third to set up the first run, starting the American League East leaders to their third straight victory.

Treblehorn has seen Henderson cause problems before. He was the manager for Henderson's first two seasons in pro ball at Modesto and Boise in 1976 and 1977, when Henderson set base-stealing records while in the Oakland organization.

"Treb knows me," Henderson said. "He taught me a lot about stealing. We used to go out to the park at 3 in the afternoon, and he'd stand on the mound and help me work on pitchers' pickoff moves."

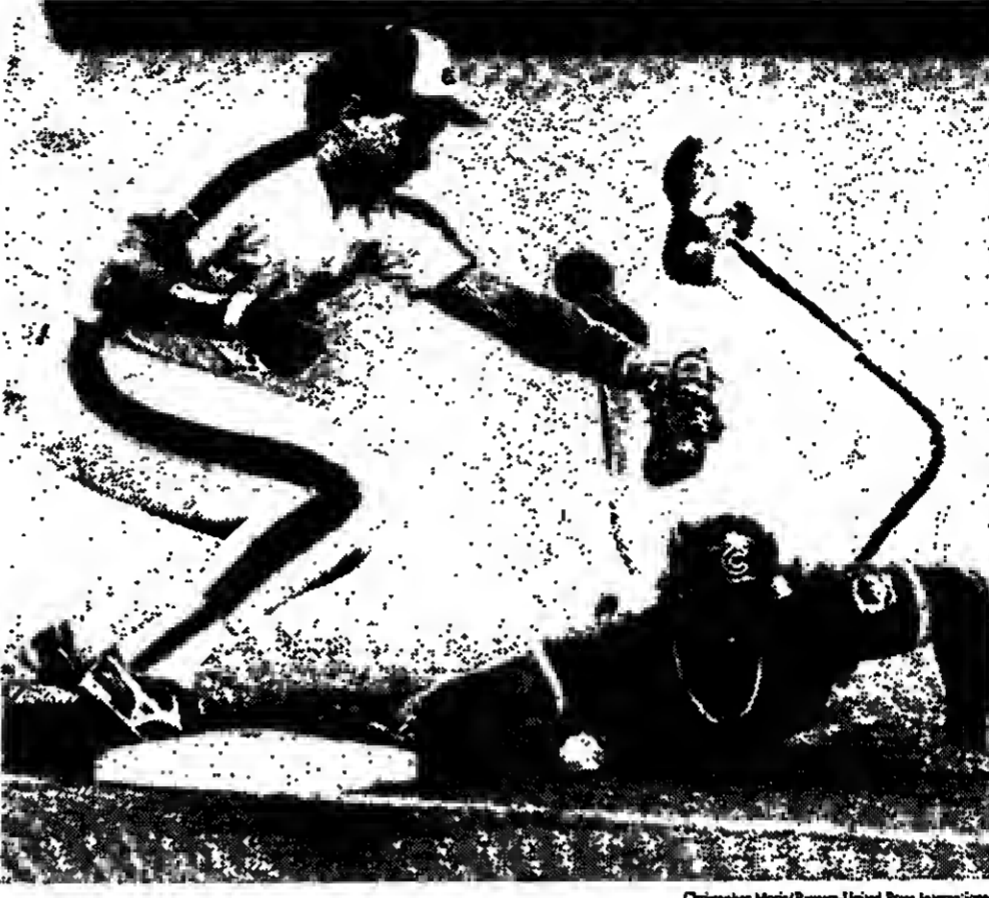
After stealing his way to third, Henderson came home on Ken Phelps's sacrifice fly; Jack Clark then donned for a 2-0 lead. The Yankees chased rookie Don August in the fifth on a single by Rafael Santana, Henderson's sacrifice and a single by Don Mattingly.

BASEBALL ROUNDUP

In 12 games since the All-Star break, Mattingly is 24-for-52 with 12 RBIs. Indians 7, Orioles 3; In Cleveland, Chris Burdette highlighted a four-run fourth with a two-run single off Jay Tibbs to help the Indians down Baltimore for the 10th straight time.

White Sox 1, Mariners 0; In Chicago, Ozzie Guillen drew a bases-loaded walk off Mike Jackson with two out in the 11th to lift the White Sox.

Athletics 6, Angels 2; In Anaheim, California, three errors and a wild pitch by Mike Witt helped Oakland to a five-run fourth.



Andres Galarraga muffed a pickoff throw in the early going, allowing Andre Dawson to dive back safely at first base, but the Expos beat the Cubs on Mike Fitzgerald's grand-slam homer in the 11th.

Japan: Death of a G.M.

By Michael Shapiro

TOKYO — In the early morning of his 40th day as general manager of the Hanshin Tigers baseball team, Shingo Furuya stepped out on the stairwell of his hotel and leaped to his death in a garden eight floors below.

last place this year, and their best player, Randy Bass, a former American major league who had won two triple crowns in Japan, had left the team to return to the United States, where his son is undergoing treatment for a brain tumor.

pan, the general manager is an ornament. When the owner needs someone to negotiate or to attend a reception, he sends the general manager. When the team is going well, the credit goes to the owner, the field manager and the players. But when the team is going badly, it's the general manager's responsibility.

The incident revealed something about what happens here when they are wedged between conflicting pressures.

The team's longtime hero, Masayuki Kakefu, slowed by injuries in recent years, wanted to retire. Furuya, who was expected to resolve these problems, was not a baseball man. Unlike their U.S. counterparts, general managers here rarely have backgrounds in the game.

The team reportedly wanted Kakefu to stay for the rest of the season, and he is still with the team. It was also ensnared in protracted talks with Bass over Haoshio's liability for the mounting medical expenses for Bass's son.

Transition

MINNESOTA — Pop Tom Herrer, second baseman, on 15-day disabled list, retroactive to July 25. Purchased contract of Eric Bullock, outfielder, from Portland, Pacific Coast League.

Sidelines

NEW YORK (UPI) — Heavyweight boxer Michael Spinks, a first-round knockout victim of Mike Tyson last month, announced his retirement on Wednesday.

News of his death was reported in detail in nationally circulated newspapers and sports dailies, as well as on national television.

Scoreboard

Table with columns for American League and National League games, listing teams, scores, and key players.

Major League Standings

Table showing league standings for American League and National League, including teams like New York, Detroit, and Los Angeles.

A Lost Weekend Further Dims the U.S. Thoroughbred Season

By Steven Crist

NEW YORK — In just 48 hours last weekend, the bottom fell out of the thoroughbred racing season.

chronic injury and because he was syndicated for more than \$14 million as a stallion prospect. On Sunday, the handier of Lost Code, the East's leading older horse after winning seven of eight starts this year, said he would probably miss the rest of the season because of a bone chip in his right knee.

All Along's claim to the horse of the year title was shaky, but her achievements were magnified. Her four victories were accomplished at four tracks in three nations — the Arc De Triomphe in France, the

show, winning by large margins in Florida, Arkansas, Illinois, Massachusetts and Michigan. But he lost his only start against truly top company, dropping the Pimlico Special to Bet Twice, and his achievements are clouded by his use of Lasix.

Who's left? Outlast Reality trounced Alysheba and Ferdinand last time out and must be respected on paper, but oo one outside California really believes in this rejuvenated 6-year-old. He was a confined second-rater during the four seasons he raced in New York, and his spurt of success has nearly coincided with his use of Lasix.

Sheikh May Not Leave Print On Minnesota Horse Racing

The Associated Press

SHAKOPEE, Minnesota — The ruler of Dubai may never again race his thoroughbreds at Canterbury Downs because of a Minnesota law that ruins counter to his religious beliefs.

of another country," Scott added. "I don't know if Queen Elizabeth races her horses in Minnesota, but I doubt if she would have to be fingerprinted."

Shannon said there could be problems if he made an exception. "I'm sure the sheikh is an honorable, good person," he said. "But if I make an exception with him, can you imagine what might happen? A person who wanted to hide a felony could just come in and say, 'I don't want my fingerprints taken because of my religion.'"

Thus, the ruler of Dubai, one of the seven United Arab Emirates, is being denied a Minnesota owner's license.

He has until the end of the month to get his fingerprints taken," said Pat Shannon, the commission's director of security. "I'm going to have to stick to that. I can't make exceptions."

Britain's Top Vaulters Banned for Life

LONDON (AP) — Jeff Gutteridge, Britain's top pole vaulter, was banned from international competition for life Wednesday after a second drug test confirmed he had taken anabolic steroids.

Gutteridge tested positive after a training session in late April; a second test on the same sample was made Tuesday and proved positive. By International Amateur Athletic Federation rules, that means an automatic two-year ban, an athlete can be reinstated only after a request by his national association, and the policy of the British Amateur Athletic Board is not to seek reinstatement in such cases.

A Commonwealth Games silver medalist, Gutteridge, 32, had been hoping to gain a place on Britain's track and field team at next week's Olympic trials. Denying that he was guilty of drug abuse, he said he would continue training and would fight to clear his name.

Quotable

Houston's Glenn Davis, after hitting a home run off a blooper pitch by Montreal's Pascual Perez: "He didn't know I used to play slow-pitch softball." (LAT)

Bob Woolf, agent for Larry Bird, on his negotiations with the Boston Celtics: "Larry's not avaricious or greedy. But I am." (LAT)

Debut pitcher Walt Terrell, after getting knocked out early in a game against New York: "I was so wild I would have walked Manute Bol four times." (LAT)

Delhi

Delhi and other cities in India are facing a severe drought. The monsoon rains have failed to arrive, leading to a water crisis in many areas.

PD DATE

PD DATE: A report on the date of publication and related information.

Wails the U.S. Irish

Wails the U.S. Irish: A report on the Irish diaspora in the United States.

INTERNATIONAL CLASSIFIED (Continued from Back Page). Includes sections for ESCORTS & GUIDES, MAYFAIR CLUB, ZURICH CAROLINE, CHELSEA ESCORT SERVICE, MADRID, GENEVA MELODIE, ARISTOCATS, LONDON BELGRAVIA, and CAPRIC-NYC.

ART BUCHWALD

Save the Vacation!

WASHINGTON — At last the vacation is about to begin. The summer months have been re-opened, the tennis courts swept, the fish are jumping, and the voice of the turtle can be heard in the land.

Zeigrass entered the kitchen at 8.

"Shall we jog through the woods and sing with the birds?" I asked him.

"We can't," he replied. "I just stopped by to take you to a meeting to 'Save the Bluefish.'"

"I didn't know they were endangered."

"They're not," he said. "But somebody has to save them anyway. People are pulling them out of the sound as if there were no tomorrow."

"When will the meeting be over?"

"About 10."

"Good, then we'll play some tennis."

"We can't at 10. There's a demonstration in front of the town hall to protest the zoning commission's decision to allow 30 townhouses to be built on the waterfront. We expect you to be there."

"Lunch," I said. "I'm free to go to lunch at the Black Dog Tavern with my children, aren't I?"

Zeigrass looked at his list. "No."

We're having a strategy meeting with my lawyer to see how we can limit the rate of growth in East Chop. He's going to tell us how to tie the developers up in knots.

"I know I shouldn't ask this, but how am I fixed for the afternoon?"

Zeigrass said, "At 2 o'clock I've got you down for an anti-apartheid demonstration in front of a South African guy's summer home."

"What a coincidence. That's exactly when I was going to the beach. What happens at 3?"

"We're raising money for a boy's club at the Old Whaler's Episcopal Church. Then we go over to the sewage disposal plant and block the entrance gate with our bodies."

"If you can't get arrested you will. You know there is a potluck dinner at the American Legion for the Order of the Sisters of Massachusetts tonight?"

"No one told me," I said. "Hey look, I only have a couple of weeks, and while I am sympathetic to all your causes, you've got me doing just what I do at home, only more so."

"You can go sailing or play golf if you want to," Zeigrass said, "but that isn't what vacations are all about. If you can't be counted on when we're trying to save the environment, then why don't you just go smorkeling and forget about the world you inhabit."

"I'm all for the environment, but I spend my whole time protecting it, when do I get to enjoy it?"

"I never thought I would hear you say that you would rather ride the waves than save an osprey from extinction."

"I didn't say that," I protested.

"You said something almost like it," Zeigrass retorted. "Look, if you want to have a good time on your vacation, that's your business, but you're the one who will have to answer to your grandchildren 40 years from today."

"You're right. Why would I want to have a good time when there is so much work left to do? I'm willing to help out. The ocean will always be there, if not during my time here — then somebody else's."

Zeigrass handed me a bridge table.

"What am I supposed to do with this?"

"We're going down to Main Street to collect signatures."

"What for?"

"I haven't decided yet."

At Zawinul's Keys, The Weather Is Fine

By Mike Zwerin International Herald Tribune

PARIS — The name Joe Zawinul generally draws blank looks until he tells people he was keyboardist with and a founder of Weather Report. Then the eyes light up. It was the most successful jazz-rock fusion band, one of the few that still bear listening to.

When Weather Report disbanded, Zawinul wanted his new group to be stamped with his own identity. "The Joe Zawinul Band" sounded lame. He came up with "The Zawinul Syndicate." His three sons are connected with the band, as record jacket designer, sound engineer and composer, and he likes to have a family relationship with his sidemen. The Mafia connotation did not bother him; in fact, he rather liked it. A father with an edge.

Zawinul is always looking for an edge. He once said "I always tried to get on scenes where I was the coolest one going in and the strongest one who I left. It's like you learn from your daddy and then go a little farther. The midget on the shoulders of the giant can see farther than the giant."

We are dealing with abundant confidence here, most of it justified. In his 50s and in fine shape, he works out regularly in the ring and teaches boxing when he has time. His mustachioed machismo led him to say, after emigrating to Brooklyn from Vienna in 1958: "Jazz musicians either got it or they don't. Those of us who got it, sooner or later we come to Brooklyn."

Being one of the rare Europeans blessed with swing, he recognized its connection to Afro-American street talk and learned hipster English, which his Austrian accent still renders somewhat obscure. He began to work immediately, first with Maynard Ferguson's big band, then accompanying the great and at the time enormously popular singer Dinah Washington.

He wrote songs for and played with Cannonball Adderley and recorded with Miles Davis before forming Weather Report with the Czech bassist Miroslav Vitous.

Two of his many songs have become anthems, representations of their times. "Mercy, Mercy, Mercy" was part of the birth of funk in the 1960s, and so song represents the "70s heyday of jazz-rock fusion better than any other. It's considered the father of jazz-rock fusion. But, like Eric Clapton when credited or accused — according to taste — with being father to heavy metal, Zawinul recoils: "Fusion music is played by a lot of guys who can't blow their oases. Weather Report always had guts. Our music had a force to it. What they call fusion now is elevator music."

The first five Weather Report albums were

rated five stars in Down Beat magazine. The sixth, "Mr. Gone," received one, and Zawinul never got over it ("That was a boss album").

Before a concert in Orlando, Florida, the producer came up and said: "You may not like this, but I guess I should tell you that I'm the guy who gave you one star in Down Beat."

"I'm not an idiot," Zawinul snapped. "And if you were an idiot then you're probably still an idiot. I don't want to talk to you." And he walked away.

Weather Report was a cocky band. They were good and knew it, and saw on point in false modesty. One day, a young bassist from Fort Lauderdale came up with the right approach when he introduced himself by saying: "Excuse me, Mr. Zawinul. My name is Jaco Pastorius and I'm the greatest bass player in the world."

This turned out to be one of all that far from the truth. The band reached its height led by the talents of the saxophonist and composer Wayne Shorter, Zawinul and Pastorius. The Syndicate's recent first album, "The Immigrants" (CBS), contains a song about Simon Bolivar with Spanish lyrics by the Venezuelan percussionist Rudy Regalado. (As the album title point out, a majority of the group's members are immigrants to the United States.)

Zawinul says he improvised and recorded the three-minute track in 10 minutes. "Literally — three overblows, one take each. The bass line is amazing, it's really hip."

The fact that the synthesized bass line is his own does not make it any less hip. He does not appear to be bragging. Zawinul makes statements attesting his worth as statesman of fact. And it is a rather amazing thing.

Zawinul was among the first to exploit the synthesizer's potential for real-time onstage improvising, and is one of the few to have found a personal, recognizable sound on electronic hardware. Electricity has been called "the great leveler."

"Except for that boy," he says, pointing to himself. "I use it like a violin, an accordion or a guitar. I use it, it doesn't use me. It's all instinct. I have an idea how I do it. I just turn the knobs until I get what I like. I want a little brightness and a little dirt."

Zawinul leads a part-time high hand in Vienna, which "I could take to New York tomorrow, they're that good. They're all Austrian country boys, peasants. We play Weather Report material either arranged by me or by arrangers who have transcribed my music from tapes. I have four French horns and 20 strings. Man, we sound so good you wouldn't believe it."

"Listen, man, my life is good. I got my wife, my three kids and I'm making music I like. I'm a real nice spread in Malibu. Stan Getz



Joe Zawinul: "Man, we sound so good."

came out to see me. You know, he's still fat. But he's playing his butt off. He walked down the beach and played his horn by the ocean.

"What a fine sound — I love his tone. I want him to play on my next record but there are some sort of problems with his record company. If it gets too complicated, I'll just forget about it. Life is too short for those hassles."

"People say that Malibu is about to slide into the sea, and doesn't it scare me. But I like living like that. On the edge. That's the way I want to go. Let me slide in to the Pacific. Fast. Get it over with. Without warning."

The Zawinul Syndicate: Odense, Denmark, July 29; Hamburg, July 30; Copenhagen, July 31; Oslo, Aug. 1; Stockholm, Aug. 2; Copenhagen, Aug. 3 and 4.

PEOPLE

Hefner's New Playmate

Hugh Hefner, the Playboy empire founder, has proposed marriage to the most recent of the chosen companions who enjoy life with him at the Playboy Mansion. Kimberly Conrad, 24, appeared in Playboy magazine this year as "Miss January" and is also on the cover of the current edition. Conrad, originally from Alabama, began her relationship with Hefner following the magazine executive's split from his longtime companion Carrie Leigh. Leigh earlier this year attempted to bring a \$35 million paternity action against Hefner after their affair soured. The action has been dropped.

Lawrence K. Grossman, the president of NBC News, whose standing in the company has been tenuous since its acquisition by the General Electric Co. two years ago, will soon leave the network, executives of NBC said. A successor has been chosen, but NBC declined to identify the individual. Grossman's difficulties were related more to inside politics than to bad ratings, several close to the situation said. The anchor Tom Brokaw and the former executive producer of the "Today" show, Steve Friedman, reportedly are Grossman detractors.

Jeany Holzer, whose aphoristic sayings on billboards and T-shirts and whose streams of messages pouring out of electronic signs and billboards have made her one of the most visible contemporary artists, has been selected to represent the United States at the 1990 Venice Biennale. She will be the first woman to represent the United States. The choice of Holzer follows the success of the Jasper Johns solo exhibition at the current Biennale.

One of only four known sets of the first edition of the collected works of Moliere is to be auctioned in November in Paris. The eight-volume collection, bound in leather, includes original editions of several of the playwright's works such as "The Misanthrope" (1667) and "The Bourgeois Gentleman" (1670). The sale will also include Moliere's "Plutus," annotated by the dramatist, as well as manuscripts of poetry by Apollinaire, Mallarmé and Rimbaud. Fifty pages written by the novelist Stendhal in 1812 when he was with Napoleon will also be announced.

Yussuf Islam, the former rock star known as Cat Stevens, staged an impromptu concert at an Islamic festival in Israel. Israel Television showed the black-bearded Stevens wearing Islamic clothing and singing in Arabic and English to a crowd of chanting Muslims in the biblical Galilee village of Kafar Kanna. Stevens, born Stephen Dennis Georganios, gave up his singing career 10 years ago after converting to Islam. He now heads the Muslim Aid Organization.

Adeline Roemer, the mother of Governor Buddy Roemer of Louisiana, announced her candidacy for the congressional seat once held by her son. "I can be very calm, cool and quiet and unassuming all the time I'm listening. But I get me fired up. I'm fired up," the 64-year-old Roemer said. She will face Representative Jim McCrery in the Oct. 11 primary. McCrery, a Republican, won a special election last spring for the vacancy created when Roemer became governor.

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Six Stolen Artworks Are Returned to Italy

The Associated Press

ROME — Six stolen artworks discovered a year ago in the Paris home of an Italian man have been returned to Italy, Vincenzo Bono Parrino, the cultural minister, announced.

The works included a 15th-century triptych by Gabriele di Francesco, stolen in 1985 from a church, a 15th-century painting by Francesco Rabolini, a painting by Francesco Netti and three 17th-century compasses with ivory cases. The Italian news agency ANSA said the works were found in the home of Giambattista Ongaro. No charges are pending. The ministry said there was no evidence to link him to the thefts.

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